

DAILY REPORT

China

Vol I No 173

8 September 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

XINHUA Reviews Results of Nonaligned Summit	A 1
Li Peng Opens Beijing International Book Fair	A 3
Leaders Meet Foreign Publishers	A 3

UNITED STATES

Deng Xiaoping Interviewed by Mike Wallace	B 1
---	-----

SOVIET UNION

USSR's Talyzin Begins Official Visit to PRC	C 1
Leaves Moscow for Beijing	C 1
Arrives in Beijing [KYODO]	C 1
Yao Yilin at Airport	C 2
Makes Arrival Statement [KYODO]	C 2

NORTHEAST ASIA

Deng Speaks to Japanese on Foreign Investment	D 1
Japan's Fujio Again 'Whitewashes' War Crimes	D 1
Li Xiannian Renews Call for Nuclear-Free Korea	D 2
PRC Leaders Greet DPRK on National Anniversary	D 3

SOUTHEAST ASIA & PACIFIC

PRC Releases Vietnamese; SRV Releases Chinese	E 1
Sihanouk-Led Delegation on 5-Day Official Visit	E 1
Ambassador Previews Visit	E 4
Delegation Arrives in Beijing	E 5
Zhao Ziyang Meets Delegation	E 6
Zhao Ziyang Fets Delegation	E 6
Li Xiannian Meets Sihanouk	E 7
Li 'In Good Health'	E 8
Wan Li Begins Trip to Australia, New Zealand	E 9
Arrives in Australia	E 9
Meets With Governor General	E 9
Plays Tennis With Hawke	E 10
Holds Talks With Hawke	E 10

PRC NATIONAL AFFAIRS

NPC Standing Committee Session Ends 5 Sep	K 1
Peng Zhen Addresses NPC Closing Session	K 1
Security Minister on Public Order Regulations	K 2
CPCCC Secretariat Calls for Study of Deng Speech	K 3
PLA Appoints New President of Logistics Academy	K 3
[WEN WEI PO 8 Sep]	
More Colleges To Provide Military Training	K 4
Shanghai Forum Stresses Training of Clergy	K 4
Minister Assures Safety of Daya Bay Plant	K 4
Experts on Selecting Nuclear Power Plant Site	K 5
Ministry Adopts Centralized Pension Scheme	K 7
[CHINA DAILY 3 Sep]	
GUANGMING RIBAO Views Introducing Foreign Culture [20 Aug]	K 9
GUANGMING RIBAO Examines Ideas Revolution [24 Aug]	K 10
RENMIN RIBAO Examines Traditional Role of Culture [25 Aug]	K 11
Official Discusses Director Responsibility System	K 14
[MING PAO 5 Sep]	
PRC Holds Sizable Investments in Hong Kong	K 15
Rural Enterprise Export Fair Ends in Beijing	K 16
RENMIN RIBAO on Establishment of Money Market [22 Aug]	K 17
Curtailed Investment in Fixed Assets Urged	K 21
[RENMIN RIBAO 29 Aug]	
State Council Urges Assistance to Poorest Areas	K 22
Foreign Exchange Reserves Figures Published	K 23
Fang Yi Attends Scientific Work Conference	K 23
Li Peng, Song Jian Meet Antarctic Team Members	K 23
Song Jian Addresses Meeting on Mineral Resources	K 24
Gu Mu Stresses Open Economic Policy for Xinjiang	K 25
Cartoonist Comments on Artistic Value, Red Tape	K 26
[HONGKONG STANDARD 1 Sep]	
Briefs: Book on Cultural Revolution	K 27

PRC REGIONAL AFFAIRS

EAST REGION

Li Guixian on Making Hefei Provincial Center	O 1
[ANHUI RIBAO 9 Aug]	
Workers' Power Increases in Shanghai Factories	O 1

CENTRAL-SOUTH REGION

Typhoon 'Wayne' Strikes Guangdong Province	P 1
Guangxi Leader Stresses Controlling Expenditure	P 1
Henan Secretary Visits Medical Training College	P 2
Hunan Radio Urges Discarding 1950's Concepts	P 1

SOUTHWEST REGION

Sichuan Meeting on Reforming Labor System
Yunnan Opens Legal Course for Leading Cadres

Q 1
Q 1

NORTH REGION

Nei Monggol Conducts Rural Party Rectification

R 1

NORTHWEST REGION

Qinghai Meeting Discusses Hu Yaobang Instructions
Qinghai Secretary Visits Nationalities College

T 1
T 2

TAIWAN

S. Africa To Strengthen Cooperation With Taiwan
Defense Ministry on PRC Intelligence Official
Editorial Comments on Defection

V 1
V 2
V 2

XINHUA REVIEWS RESULTS ON NONALIGNED SUMMIT

OW072031 Beijing XINHUA in English 1829 GMT 7 Sep 86

["Non-Aligned Movement Is in the Prime of Life But the Journey Is Long; by Chen Shengtao" -- XINHUA headline]

[Text] Harare, September 7 (XINHUA) -- The 8th summit of the non-aligned countries which represents approximately 100 states totaling two billion people, came to a successful close early this morning. After a week of enthusiastic discussions, and also hectic debate, non-aligned leaders issued a political declaration, an economic declaration, and a special declaration on southern Africa, to show the world how the Non-Aligned Movement looks at the host of major issues of the world today and what its positions are.

Both the conference and its documents indicated that the situation in southern Africa was a predominant question dealt with by the leaders, who almost without any exception severely condemned the racist regime in Pretoria for its pervasive conduct.

As a matter of fact, the selection of Zimbabwe, a neighbor of South Africa, as the venue of the summit was in itself a sign that the leaders were to launch at the conference a crusade against the pretoria regime, the last bastion of colonialism and racism in the world, and to lend a hand in the emancipation of the 20 million black people in that part of Africa. The leaders cited Pretoria's crimes in practising apartheid, massacring African resistants, blocking Namibia's independence and committing acts of aggression and subversion against the neighboring frontline states.

In the special declaration released by the conference, the leaders called on the international community to apply comprehensive, mandatory sanctions against Pretoria, and take measures to accelerate Namibia's independence. A solidarity fund for the frontline states will be set up to extend emergency or long-term loans to them. The vigorous act taken by the leaders at the summit will undoubtedly contribute to the uprooting of colonialism and the complete liberation of Africa.

Another focal subject at the summit was the scramble between the two superpowers in middle areas [as received] that have given rise to a series of wars affecting non-aligned countries and even leading to downright military intervention.

Not a few countries, particularly Pakistan, Singapore and Malaysia denounced the military occupation of Afghanistan by the Soviet Union, and of Kampuchea by Vietnam with Soviet backing, either mentioning or without mentioning the name of the aggressor.

Cuba, Libya and Syria and a few other countries unleashed harangues against the United States for its interference in Nicaragua's internal affairs, its backing for Israeli expansion in the Middle East, and its balking at solution of the Palestine question.

The charge against both the Soviet Union and the United States manifested themselves in the political declarations in sections on the situations in specific regions. The political declaration also had this to say: "The security and independence of non-aligned countries were being increasingly threatened by colonialist policies, by great-power and bloc rivalries, by imperialist policies of domination and by the quest for spheres of influence ... all of which had led to military, political and economic pressures and foreign interventions against non-aligned countries."

It also said: "The extension of the East-West confrontation to local and regional disputes complicates them further, renders their resolution difficult and endangers world peace."

All these remarks have vigorously exposed the fact that the contest between the two superpowers is the root cause of many of the turbulences that have taken place in the world.

With regard to conflicts between non-aligned countries, the leaders were unprecedentedly sonorous in urging the parties concerned "to abide strictly by the principles of the United Nations Charter and of peaceful coexistence," "refraining from the threat or use of force in international relations."

Many leaders expressed deep "concern" with armed conflicts and wars between member countries, especially with the Iran-Iraq war. Kuwait therefore proposed the creation of a committee composed of leaders of state of non-aligned countries to mediate the war.

Morocco and Cyprus avowed their willingness to accept solution to the issues of Western Sahara and Cyprus in accordance with relevant United Nations resolutions.

Economic issue was another point much attended to. It dominated almost one half of the leaders' speeches and the conference documents in length.

The conference's economic declaration emphasized that "all forms of racial discrimination, foreign aggression, occupation, domination, hegemony, expansionism, exploitation and destabilization constitute fundamental obstacles to the economic liberation of developing countries." It went on to say that "the unjust and inequitable international economic system constitutes a major impediment to the development process of non-aligned and other developing countries."

Pointing to the inter-dependence between economies in the world, the declaration urged developed countries to adopt "an integrated approach" and to "enter into serious negotiations" with developing countries on the issues of money, finance, debt, trade and development.

The document also stressed the "importance of collective self-reliance" through South-South cooperation. An overview of the document showed that the non-aligned have already identified the crux of their economic woes and the way out.

The documents of the conference also dealt with such issues as disarmament and international security and the situations in those 'hot-spots'.

The summit conference was called at a time when the non-aligned countries are faced with numerous difficult problems. This can be seen from the existence of the turbulences in southern Africa and Central America, the foreign military occupation of Afghanistan and Kampuchea, the annual 1,000 billion dollars of military spending worldwide, and the approximate 1,000 billion dollars of debt owed by the developing countries.

However, the summit conference dealt with them and achieved positive results. This is added proof that the Non-Aligned Movement, after 25 years of growth, has reached its maturity and is buoyant with vitality. No force whatsoever can arrest its advance.

Nevertheless, while one looks at the summit's final documents, it is not difficult to find that many of the issues dealt with this time had been dealt with at preceding summits.

It is no easy job to do away with world evils and the journey of the Non-Aligned Movement is bound to be long.

LI PENG OPENS BEIJING INTERNATIONAL BOOK FAIR

OW051058 Beijing XINHUA in English 1034 GMT 5 Sep 86

[Text] Beijing, September 5 (XINHUA) -- The Beijing International Book Fair, the first of its kind since the founding of the People's Republic of China in 1949, opened here today at the Beijing Exhibition Center. On display are about 50,000 titles covering natural sciences, engineering and technology, social sciences and the humanities. They occupy a total floor space of 7,800 square meters.

A total of 1,055 publishing houses from 35 countries, regions and international organizations participate in the fair and they include some from Britain, China, the Federal Republic of Germany, Hong Kong, Japan, the Soviet Union and the United States.

In his opening speech, Wu Mingyu, president of the fair organizing committee, said, "The books on display here account for only an insignificant part of the books published worldwide in a year, but they represent the latest publications of world's leading publishers and reveal to us the cream of international publications and the progress made in the publishing trade."

The exhibitors include McGraw-Hill Book Co. and Time-Life Books from the United States, the World Publishing House from the Soviet Union, Pergamon Press from Britain, Springer Verlag from the Federal Republic of Germany and Kodansha from Japan.

Wu Mingyu said: "The seminars and the business talks scheduled during the fair will serve as opportunities for publishers and booksellers from different countries to share experience and enhance mutual understanding." The Chinese Government had decided to hold such a fair biennially hereafter, the official announced.

Li Peng, vice-premier of the State Council and honorary president of the organizing committee of the book fair, cut the ribbon for the opening ceremony. Li Peng met and had a talk with general manager of the Pergamon Publishing Company Kevin Maxwell after the ceremony.

Leaders Meet Foreign Publishers

OW051420 Beijing XINHUA in English 1347 GMT 5 Sep 86

[Text] Beijing, September 5 (XINHUA) -- Chinese leaders met foreign delegates of publishing houses attending the on-going Beijing International Book Fair here tonight at the Great Hall of the People. The leaders were Vice-Premier of the State Council Li Peng, Vice-Chairman Zhou Gucheng and Yan Jici of the Standing Committee of the National People's Congress.

Among those present on the occasion was Wu Mingyu, president of the fair organizing committee and vice-minister of the State Science and Technology Commission. The Beijing International Book Fair opened here this morning.

DENG XIAOPING INTERVIEWED BY MIKE WALLACE

OW070300 Beijing XINHUA Domestic Service in Chinese 2305 GMT 6 Sep 86

[Text] Beijing, 7 Sep (XINHUA) -- Deng Xiaoping, chairman of the Central Advisory Commission of the Chinese Communist Party, granted a TV interview to Mike Wallace, journalist from the CBS program "60 Minutes" of the United States on 2 September. Following are the major points of his remarks in answering questions raised by the journalist with regard to issues of Sino-Soviet relations, Sino-U.S. relations, China's reunification, and others.

Wallace: What is your comment on the speech made recently by Gorbachev in Vladivostok?

Deng: There is something new in Gorbachev's Vladivostok speech. This is why we have expressed a cautious welcome to what is new and positive therein. However, Gorbachev's remarks also show that he has not taken a big step. Soon after Gorbachev made his speech, an official from the Foreign Ministry of the Soviet Union also made a speech which was different in tone. This shows that the Soviet authorities have to decide among themselves what China policies to pursue, and so we still have to wait and see.

Wallace: Have you met with Gorbachev before?

Deng: No.

Wallace: Would you like to meet with him? He said before that he was willing to discuss any issue with you at any time and at any level. Are you willing to hold a summit meeting with him?

Deng: If Gorbachev takes a firm step toward the removal of the three major obstacles to Sino-Soviet relations, particularly urging Vietnam to end its aggression in Cambodia and withdraw its troops from there, I myself will be ready to meet him.

Wallace: The Vietnamese today said that they are willing to hold negotiations with China so as to end the difficult situation between China and Vietnam.

Deng: Vietnam has made this kind of gesture at least 100 times. We have also clearly told Vietnam: The prerequisite is the withdrawal of all Vietnamese troops from Cambodia. The Cambodia issue is to be solved by the quadripartite administration in Cambodia through negotiations.

Wallace: Therefore, so far as the summit meeting between Deng Xiaoping and Gorbachev is concerned, the ball is in Gorbachev's court.

Deng: The Soviet Union can play its part in urging Vietnam to withdraw all its troops from Cambodia. For without Soviet backing, the Vietnamese cannot go on fighting in Cambodia for a single day. Gorbachev evaded this question in his Vladivostok speech. Therefore, I say that the Soviet Union has not taken a big step toward the removal of three major obstacles to Sino-Soviet relations.

Wallace: It looks like the relations between China and capitalist America are better than those between China and the communist Soviet Union. Why is that?

Deng: China does not look at a social system when it judges an issue. Sino-U.S. relations are determined by the specific situation in the relations between China and the United States, while Sino-Soviet relations are determined by the specific situation in the relations between China and the Soviet Union.

Wallace: Chairman Deng, just now my program producer told me to ask you once again if you, Chairman Deng, are willing to meet with Gorbachev.

Deng: I already said that a while ago. The main issue is that if the Soviet Union can contribute to the withdrawal of Vietnamese troops in Cambodia, this will remove the main obstacle in Sino-Soviet relations. I would like to repeat this once again. The main obstacle in Sino-Soviet relations is Vietnamese aggression against Cambodia. Vietnamese troops stationed in Cambodia constitute a problem which has actually placed Sino-Soviet relations in a hot spot. Once this problem is resolved, I am willing to meet Gorbachev. I can tell you, now I am over 82, already advanced in years. I have long ago accomplished my historical task of making overseas visits. I have decided not to make any overseas visits. If this obstacle in Sino-Soviet relations is removed, I will be ready to break this rule and go to any place in the Soviet Union to meet with Gorbachev. I believe that a meeting like this will be of much significance to the improvement of Sino-Soviet relations and the normalization of Sino-Soviet state relations.

Wallace: Specifically, which obstacle comes first?

Deng: Among the three major obstacles, the main one is Vietnamese aggression against Cambodia. China and the Soviet Union are actually in a state of confrontation, a hot spot, a confrontation which takes the form of pitting Vietnamese Armed Forces against China.

Wallace: Do you mean the Vietnamese Armed Forces in Cambodia?

Deng: Yes.

Wallace: President Reagan and the First Lady have shown much interest in my program. They watch this program almost every Sunday. I am sure they will watch this interview when it is aired on TV. Do you have any message for President Reagan?

Deng: We met each other during President Reagan and the First Lady's visit to China. We had a cordial and frank talk. I wish to relay my best wishes to President Reagan and the First Lady via your TV station. I hope that Sino-American relations can be further developed during President Reagan's term of office.

Wallace: Presently, are there major dissensions between China and the United States?

Deng: Yes. There are three obstacles in Sino-Soviet relations, and also there is one obstacle in Sino-American relations. That is the Taiwan question, or the question of China's reunification of the two sides of the Taiwan Strait.

There has been talk in the United States to the effect that the United States has taken an attitude of 'non-involvement' on the question of China's reunification, namely, the Taiwan question. This is not true. The fact is that the United States has all along been involved. In the 1950's, MacArthur and Dulles regarded Taiwan as an "unsinkable aircraft carrier" of the United States in Asia and the Pacific. Therefore, the Taiwan question was the most important issue in the negotiations on the establishment of Sino-American diplomatic relations.

Wallace: Did the United States fail to fulfill its commitments in its handling of U.S.-Taiwan relations?

Deng: I think the United States should take a wiser approach on this question.

Wallace: What approach?

Deng: Regrettably, during the latter period of the Carter administration, the U.S. Congress adopted the "Taiwan Relations Act," which has become an immense obstacle to Sino-American relations. As I said just now, I hope that President Reagan will, during his term in office, bring about further progress in Sino-American relations, including some effort in respect to China's reunification. I believe that the United States, President Reagan in particular, can accomplish something with regard to this question.

Wallace: What can they accomplish on this question?

Deng: They can encourage and persuade Taiwan first to have "three exchanges" with us; namely, exchange of mail, trade, and air and shipping services. Contacts of this kind can help enhance mutual understanding between the two sides of the Taiwan Strait, thus creating conditions for them to proceed to discuss the question of reunification and ways to achieve it.

Wallace: Returning to the Taiwan question, why is it necessary for Taiwan to be reunified with the mainland?

Deng: First of all, it is a national question, a question of national sentiments. All the descendants of the Yan and Huang emperors want to see China reunified. The present state of division runs counter to our national will. So long as Taiwan is not reunified with the mainland, Taiwan's status as part of Chinese territory will remain uncertain. No one knows when Taiwan will be taken away again. Furthermore, we have adopted the formula of "one country, two systems" for resolving the reunification issue. Socialism will continue to be practiced on the mainland while Taiwan will practice its capitalism. This will neither bring changes to Taiwan and the life-style of the people there nor cause them losses. We must take an objective view in making a comparison of the level of development in Taiwan and on the mainland. A gap does exist for the time being. Since the founding of New China 37 years ago, we have committed some mistakes which delayed development on the mainland. With the adoption of the current policies on the mainland, the speed of development will not be slow, and the gap is narrowing. I believe the mainland will not fall behind Taiwan in the speed of development in the years to come. The reason is very simple, for Taiwan has scarce resources while resources on the mainland are plentiful. If we say Taiwan has already brought into play its potential, the mainland's potential is yet untapped, but will surely be brought into play soon. The mainland is now much stronger than Taiwan in its overall strength. It is insufficient to measure the strength of the two sides solely by Taiwan's current higher average per-capita income.

USSR'S TALYZIN BEGINS OFFICIAL VISIT TO PRC

Leaves Moscow for Beijing

OW070718 Beijing XINHUA in English 0712 GMT 7 Sep 86

[Text] Moscow, September 7 (XINHUA) -- Soviet First Vice-Premier Nikolay Talyzin left here this morning for Beijing to pay an official visit to China, according to a well-informed source. Talyzin, also chairman of the State Planning Committee, is expected to discuss economic cooperation and trade issues with senior Chinese officials, the source said. But he did not say how long he will stay in China.

Talyzin's current China tour is a return visit to the one paid last year by Chinese Vice-Premier Yao Yilin to the Soviet Union. During his 8-day official visit in July 1985, Yao exchanged views with Soviet leaders on trade and economic relations between the two countries.

Arrives in Beijing

OW080329 Tokyo KYODO in English 0302 GMT 8 Sep 86

[Text] Beijing, Sept. 8 KYODO -- Nikolay V. Talyzin, Soviet first deputy premier and party Politburo member, arrived here Monday morning for talks with Chinese leaders -- the first high-ranking Sino-Soviet discussions after Soviet leader Mikhail Gorbachev called for improved relations in his Vladivostok speech on July 28. Talyzin, 57, also chairman of the State Planning Committee, was accompanied by Mikhail Busygin, minister of timber, cellulose and pulp and the wood processing industry, new Vice Foreign Minister Igor Rogachev and others.

Talyzin's group will reach accord with Chinese leaders on expansion of trade and economic relations, but will probably find it difficult to achieve big progress in the normalization of relations and other political issues, a Chinese source speculates.

The source referred to a recent remark by China's senior leader Deng Xiaoping that Gorbachev's speech in Vladivostok "evaded" the Kampuchean problem and therefore, his speech cannot be regarded as a major step toward improved Sino-Soviet relations. China has been saying that three conditions must be cleared for the normalization of Beijing-Moscow relations -- Soviet halt to the support of the Vietnamese military presence in Kampuchea and Soviet troops withdrawal from Afghanistan and from China's border with the Soviet Union and Mongolia.

Talyzin, however, is said to be carrying a message from Gorbachev and, if the message includes Moscow's plan to stop or scale down its support for the Vietnamese, political progress could be expected a little, the source said. In this context, an East bloc diplomatic source pointed to the visit by Soviet Vice Foreign Minister Rogachev to Vietnam in late August. Rogachev met and sought Hanoi's understanding of the Soviet plan to improve Sino-Soviet relations and thus, the possibility for Moscow's new proposal to China could not be ruled out, the source said.

Rogachev, who was appointed vice foreign minister in mid-August, is to be Moscow's new chief negotiator in the Sino-Soviet vice ministerial-level normalization talks. The next round of the talks is scheduled for October in Beijing. The Chinese side is also said to want to hear from Talyzin about the scale and details of the planned withdrawal of Soviet troops from the China-Mongolia border, which Gorbachev mentioned in his speech in Vladivostok.

Yao Yilin at Airport

OW080554 Beijing XINHUA in English 0537 GMT 8 Sep 86

[Text] Beijing, September 8 (XINHUA) -- Nikolay Vladimirovich Talyzin, first vice-chairman of the Council of Ministers and chairman of the State Planning Commission of the Soviet Union, arrived here this morning by a special plane to pay a week-long visit to China. Chinese Vice-Premier Yao Yilin met him at the airport.

In a written speech Talyzin said he hoped that the forthcoming exchange of views with the Chinese leadership on a wide-range of subjects would contribute to the strengthening of Soviet-Chinese good-neighbourliness and would give new impetus to the development of mutually beneficial cooperation. He said, "During our visit we expect to get a closer look at the practical endeavours of the Chinese working people in achieving the goal of modernizing the country and the building of a socialist society worthy of its great people."

Makes Arrival Statement

OW080505 Tokyo KYODO in English 0455 GMT 8 Sep 86

[Text] Beijing, Sept. 8 KYODO -- Nikolay V. Talyzin, Soviet first deputy premier and party Politburo member, stressed the need for improved Sino-Soviet relations in his airport statement upon his arrival here Monday morning.

While referring to Soviet leader Mikhail Gorbachev's speech in Vladivostok on July 28, Talyzin said the Soviet and Chinese peoples are now entrusted with a very responsible mission to improve the bilateral ties.

Talyzin said his talks with Chinese leaders will promote Sino-Soviet friendly relations and mutual cooperation in every field between the two countries.

He is leading a delegation of some 20, including new Vice Foreign Minister Igor Rogachev who was promoted to the post in mid-August. The Soviets will stay in China for about a week, according to delegation sources. Talyzin and his party will meet with Premier Zhao Ziyang, Vice Premier Yao Yilin and other Chinese leaders. There is also a possibility for their meeting with party chief Hu Yaobang.

The Soviet guests were welcomed by Vice Premier Yao, Vice Foreign Minister Qian Qichen, and other Chinese leaders at the airport.

Qian and Rogachev will be chief negotiators in the next round of the Sino-Soviet normalization talks, scheduled for October in Beijing.

Talyzin's delegation will also visit enterprises in Shenyang and Guangzhou to study future technological cooperation between the two countries.

The Soviet delegation sources said that the current visit here would produce much progress at least in expanding bilateral trade and techno-scientific cooperation. The Soviet delegation is expecting much more, the sources said. This mention by the sources suggests the Soviet delegation also has a mission to talk with the Chinese on improved bilateral political relations.

DENG SPEAKS TO JAPANESE ON FOREIGN INVESTMENT

OW051122 Beijing XINHUA in English 1103 GMT 5 Sep 86

[Text] Beijing, September 5 (XINHUA) -- Deng Xiaoping, chairman of the Central Advisory Commission of the Chinese Communist Party, said here today he favors using foreign investment boldly, but he advises people to be good at using it.

Speaking to a group of Japanese investors today, Deng said China will open its door wider to the outside world and create a better and more rational environment for foreign investment. Meanwhile, foreign investors should respond and be more "enlightened" in transferring technology.

"We cannot ask foreign investors to come and then not let them make money. But high rent and other expenses are making profits difficult for them," Deng said, adding, "This issue must be addressed,"

Generally speaking, Deng said, China's policy of opening to the outside world and its open policy in reforming the domestic economy are successful. "But we have exposed some malpractices that can be anticipated," he added. This results mainly from a lack of knowledge among some of our cadres, Deng said. The lack of knowledge leads to low ability, which will subsequently be manifested in insufficient courage. "Unless these problems are solved, China's speed for development cannot be accelerated," Deng said.

"It's not like the Japanese economic 'take-off'. Japan knew how to use foreign investment to go its own way, and that's why Japan developed so quickly." Just as Japan needed help after World War Two, China needs help to grow and modernize, a said Deng, adding, "We want to learn from the good experiences of others,"

Deng said he believed that relations between China and Japan will move closer, while both countries maintain their independence and respect for the other. He also said he agreed with Vice-Premier Tian Jiyun, who spoke to the businessmen Tuesday, saying, "What China lacks, Japan has, while China has what Japan lacks."

Deng told Japanese investors not to worry that the development of other country will be unfavorable to their own. Mutual assistance will help each other's countries develop, and this will, in turn, contribute to peace and stability in the Asian and Pacific region, he said.

JAPAN'S FUJIO AGAIN 'WHITEWASHES' WAR CRIMES

OW061829 Beijing XINHUA in English 1812 GMT 6 Sep 86

[Text] Tokyo, September 6 (XINHUA) -- Japanese Education Minister Masayuki Fujio has tried again to defend the war of aggression launched by the Japanese militarist and denied the crimes they had committed in the war.

Glossing over the holocaust perpetrated by the Japanese troops in Nanjing in 1937, Fujio claimed that it was an "unredressed incident", saying that the mass murder in Nanjing was intended to "break down enemy resistance". He even went so far as to say, "war means killing people. It is not slaughtering as far as international law is concerned."

He justified Japan's 1901 annexation of Korea, saying that "if Japan had committed aggression, I believe, the Korean side was partly responsible."

He said that to visit the Yasukuni War Shrine is to "express sympathy and solicitude for those who had laid down their lives for the country" and it is the same as Chinese paying homage to the Confucius Temple and the Zhongshan Mausoleum."

Fujio made such remarks in an interview with the Japanese monthly "BUGEI SHUNJU" published in its October issue.

It is the fourth time that Fujio has whitewashed the war crimes of the Japanese militarists since he assumed office as education minister over a month ago.

He said in the Japan Press Club on August 12 that "the world history is a history of aggression and war. The erroneous view that only Japan committed aggression must be corrected."

On August 15, he said the verdict passed by the Tokyo International Military Tribunal on the A-class war criminal, Japan's wartime Prime Minister Hideki Tojo, "cannot be considered as correct."

Fujio's remarks have evoked strong reaction among the Japanese people. Many people in the political and press circles have condemned his statement, saying that he is not qualified to be the highest official of the Education Ministry, and asked the government to relieve him of his post.

According to KYODO NEWS AGENCY, Prime Minister Yasuhiro Nakasone was worried about Fujio's statement after he read it on September 1. He met Fujio on Thursday and, according to the agency, the prime minister wanted Fujio to step down voluntarily.

LI XIANNIAN RENEWS CALL FOR NUCLEAR-FREE KOREA

OW051550 Beijing XINHUA in English 1531 GMT 5 Sep 86

[Text] Beijing, September 6 (XINHUA) -- President Li Xiannian today reiterated China's support for a nuclear-free Korean peninsula and the independent and peaceful reunification of Korea.

In his message of greetings to "The Pyongyang International Conference for Denuclearisation and Peace on the Korean Peninsula" scheduled to open today, Li said that China opposes any move to heighten tension on the Korean peninsula.

"We support the proposal for making the Korean peninsula a nuclear-free and peace zone and any other proposals that help preserve peace and stability on the peninsula," Li said.

It is entirely justified that the Korean Government and people demand U.S. withdrawal of all its troops and nuclear weapons from South Korea and the establishment of a nuclear-free and peace Korean peninsula, Li said.

This, he said, reflects the aspirations and fundamental interests of the entire Korean people and is conducive to the realisation of the independent and peaceful reunification of Korea as well as to the safeguarding of peace in the Asian and Pacific region and elsewhere in the world.

The Chinese president said that the Chinese Government and people always support the sacred cause of the Korean people for independent and peaceful reunification of their motherland.

"We hope that the dialogue between the North and the South of Korea would continue and make progress, and the tripartite talks between the North and the South of Korea and the United States could materialize," he continued.

PRC LEADERS GREET DPRK ON NATIONAL ANNIVERSARY

OW072002 Beijing XINHUA in English 1902 GMT 7 Sep 86

[Text] Beijing September 8 (XINHUA) -- Chinese leaders, in a message to Korean leaders today, extended their congratulations on the 38th anniversary of the founding of the Democratic People's Republic of Korea.

The message was sent by general secretary of the Chinese Communist Party Hu Yaobang, President of the People's Republic of China Li Xiannian, Chairman of the Standing Committee of the National People's Congress Peng Zhen and Premier of the State Council Zhao Ziyang to General Secretary of the Central Committee of the Workers' Party of Korea and President of Democratic People's Republic of Korea Kim Il-song and Premier of the Administration Council Kang Song-san.

During the 38 years, the message says, the Korean people, under the leadership of the Worker's Party of Korea headed by Comrade Kim Il-song, have scored brilliant achievements in the lofty cause of defending national independence and security and building socialism by adhering to the correct principle of political and economic independence and national self-defense.

In foreign affairs, it says, the Democratic People's Republic of Korea has carried out a foreign policy of independence, peace and friendship with other countries and has strengthened its cooperation and exchange with all friendly nations. Thus, her position in the world has been rising day by day.

The message states: "The Chinese people heartily rejoice over the great achievements made by the brotherly Korean people and sincerely wish you still greater success in the noble cause of building your fatherland and safeguarding Asian and world peace.

"For years, the Worker's Party of Korea and the Government of the Democratic People's Republic of Korea have spared no efforts in alleviating the tense situation in the Korean peninsula and in bringing about the independent and peaceful unification of the country. You have put forward many reasonable proposals and won the sympathy and support of the world community. As your comrades-in-arms, the Chinese people firmly support your just stand and all reasonable proposals and we firmly believe that the Korean people's lofty cause of achieving independent and peaceful unification of the fatherland will win final victory."

PRC RELEASES VIETNAMESE; SRV RELEASES CHINESE

HK060948 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0923 GMT 6 Sep 86

[Report: "Chinese Release a Group of Vietnamese Captives"]

[Text] Nanning, 6 Sep (ZHONGGUO XINWEN SHE) -- At 1100 today [0400 GMT], the Chinese Government released at the zero kilometer spot on the highway leading from Youyiguan in Guanxi to Dongdang, 25 Vietnamese armed personnel and 4 Vietnamese spies.

The 25 Vietnamese armed personnel, including (Vrong Chinh Phat) and others, were captured by Chinese frontier guards while carrying out armed provocation and sabotage activities inside China. The four spies sent by the Vietnamese side were arrested by the Chinese public security organ for carrying out reconnaissance activities and collecting information inside China. They all admitted that they were sent by the Vietnamese authorities, and that they were guilty of illegal activities of infringing upon China's territory and being hostile to China. They pled guilty.

The Chinese side also returned to the Vietnamese side five other Vietnamese who entered Chinese territory illegally.

In addition, the Vietnamese side returned to the Chinese side 27 Chinese personnel who were illegally arrested by the Vietnamese side.

SIHANOUK-LED DELEGATION ON 5-DAY OFFICIAL VISIT

Ambassador Previews Visit

BK060954 Beijing in Cambodian to Cambodia 1030 GMT 5 Sep 86

[Station correspondent's interview with Democratic Kampuchean Ambassador to China Chan Youran on the objectives of the CGDK delegation's visit to China 6-10 September and China-Cambodia friendship -- recorded, date not given]

[Text] [Correspondent] My name is (Ang Deng). I am a correspondent from Beijing Radio. I have heard that at the invitation of the Chinese Government, a CGDK delegation led by Samdech Sihanouk, His Excellency Son Sann, and His Excellency Khieu Samphan will pay a visit to China from 6 to 10 September. Can you please tell us about this visit?

[Chan Youran] Thank you for interviewing me today before the CGDK delegation pays an official friendship visit to Beijing. As you know, this delegation, which is composed of DK [Democratic Kampuchea] President Samdech Norodom Sihanouk as its head and Prime Minister Son Sann and DK Vice President in Charge of Foreign Affairs Khieu Samphan as its deputy heads, will once again pay an official friendship visit to Beijing from 6 to 10 September. This is the fourth time that the CGDK delegation has the great honor to pay a visit here since the formation of the CGDK in 1982. On this auspicious occasion, the three CGDK leaders will convey to the great, fraternal Chinese people, the glorious CPC, and the friendly Chinese Government the most profound feelings of love, respect, and best regards of the all Cambodian people, all the tripartite patriotic resistance forces, and our CGDK which are currently waging a valiant struggle to liberate our nation and defend our national independence and race against Vietnam's war of aggression and expansion.

At the same time, our CGDK delegation will also reiterate, on behalf of the people and the resistance armed forces of Cambodia, our deepest gratitude to the esteemed and beloved Chinese leaders, fraternal Chinese people, and the Chinese Government for the great benefactions made by the PRC in giving all kinds of sincere support and assistance to our struggle.

The Cambodian people, the current Cambodian Government, and those of the future generations will never forget the good service made for them by the PRC. This is because China's support and assistance emanate from its sole sincere stand of wanting our Cambodia to exist forever as an independent, peaceful, neutral, and nonaligned country and its desire to see the Cambodian people exist with honor and have equal rights, freedom, and a national civilization and traditions as all other people near and far throughout the world. Moreover, this support also aims at ensuring the restoration of peace and stability in Southeast Asia and elsewhere in the world since it opposes the Vietnamese acts of aggression and expansion supported by the Soviet expansionist power. For this reason, the entire Cambodian people, cadres, and combatants of the tripartite resistance forces, as well as hundreds of thousands of the Cambodian patriots living abroad and the fraternal Cambodian patriotic soldiers inside the country will certainly pay great attention to this visit. They are very happy to hear about great China's warmest and most cordial invitation for our CGDK leaders to visit every year as its comrades-in-arms and brothers of the same family. They are very impressed by the fact that great China has resolutely sided with the Cambodian people's struggle to defend their race and their country's right to exist as an independent, peaceful, neutral, and nonaligned country. They will certainly give the warmest welcome to the brilliant outcome of this visit, as well as the PRC's firm support for the settlement of the Cambodian problem in accordance with the CGDK's 8-point proposal and the UN resolutions.

As for the many other friendly countries in the world, including the ASEAN countries, they will certainly be satisfied with this visit because, as countries which cherish peace, justice, and independence, they have all along opposed the Vietnamese-Soviet maneuvers to destroy the Cambodia-China militant solidarity and friendship in order to realize their aggressive and expansionist goals in Cambodia, Asia, the Pacific, and elsewhere in the world. Through this visit, the brilliant, exemplary friendship and solidarity between Cambodia and China will certainly be strengthened and developed more splendidly.

Through this visit, the Cambodian people's struggle inside the country in the coming 9th dry season and in the international arena, particularly at this year's United Nations (General Assembly), will certainly advance to a more important stage despite all obstacles.

His Excellency Hu Yaobang, esteemed general secretary of the CPC, said so correctly that this visit is a good opportunity and a drum beat of victory to stimulate the Cambodian people's struggle toward seizing greater victories over the Vietnamese enemies in the new stage of our struggle. At a time when nearly 200,000 Vietnamese aggressors are being deeply bogged down in Cambodia and a time when many peace- and justice-loving countries in the world are pressuring Vietnam to stop its aggression against Cambodia and to respect the UN resolutions and the CGDK's 8-point peace proposal, the world has been well aware of the fact that Vietnam and the Soviet Union have resolutely rejected the CGDK's 8-point peace proposal for the political settlement of the Cambodian problem and that they are busily carrying out all kinds of dark schemes to undermine that tripartite patriotic forces which are struggling against them. For this reason, this coming visit will certainly convince the Vietnamese aggressors and their Soviet masters that they will never be able to destroy the militant solidarity and friendship between Cambodia and China nor will they be able to annex Cambodia through their dark schemes.

In conclusion, I wish to inform you that as in previous visits, during this visit our leaders will take the opportunity to study the wise policies and strategies set forth by the CPC at its third congress' 11th session held at the end of 1978. Thanks to these correct political lines, the PRC under the clear-sighted leadership of the CPC is advancing with greater victories in its national construction, defense of world peace, reunification of the beloved Chinese fatherland. The world is following this situation -- a new revolutionary situation which is causing a great impact throughout the world.

Through this visit, the CGDK delegation will certainly express the great joy, satisfaction, and admiration of our Cambodian people, cadres, and combatants for the great achievements made by the Chinese people in this new stage in all fields, in agricultural and industrial production, national defense, as well as in modernizing science and technology.

The CGDK and the Cambodian people are confident that the heroic Chinese people under the wise leadership of the CPC and the PRC Government will certainly achieve the historic victory of turning the PRC into a powerful and prosperous socialist country. Currently, this situation has brought happiness, prosperity, well-being, and better life to the Chinese people, thus turning the PRC into a powerful force for more vigorous defense of peace, justice, and independence in the world. This situation and the situation in Cambodia and elsewhere in the world will certainly cause more difficulties and more serious isolation to the Vietnamese aggressors, expansionists, and annexationists to the point that they will be compelled to withdraw all their troops from Cambodia in order to let the Cambodian people decide their own destiny.

[Correspondent] Just now your excellency has mentioned the significance of the CGDK's upcoming visit to China. We also believe that this visit will further strengthen and develop the traditional friendship between the Chinese and Cambodian people. Now I would like your excellency to speak about the significant feats made by the CGDK during the past several months following a CGDK delegations visit to China in December 1985.

[Chan Youran] I would like to take this opportunity to inform our Chinese friends and, through them, our friends near and far about the situation on the battlefield during the past almost one year. As you know, from the 8th dry season to the current rainy season, we, our tripartite armed forces, have cooperated closely and splendidly on the battlefield. All of us are very happy over this situation. This is because, on the one hand, our people want the tripartite armed forces to cooperate more closely and fight the Vietnamese enemies more vigorously and, on the other hand, our friends near and far in the world also want this. Therefore, the work which is playing a leading role in the current situation on the battlefield is the fact that our tripartite patriotic forces have cooperated closely and splendidly as I told you.

Another point I would like to mention is that our Armed Forces have implemented and are continuing to implement our 5-attack tactics and the strategy of coordinating our three forces on the battlefield, that is the force of our National Army, the force of the fraternal Cambodian soldiers who are temporarily serving the Heng Samrin clique, and the force of our people. These 5-attack tactics and strategy of coordinating the three forces constitute an effective, powerful, and wonderful weapon to inflict more serious defeats on the Vietnamese enemies. For example, from the 8th dry season to the current rainy season, we can clearly see that the Vietnamese plans to seal off our transportation routes from the border to the interior of the country and to seal off the western border from us have all failed. Their plan to sweep or patriotic resistance forces off the areas around the Tonle Sap Lake and around Phnom Penh has also failed.

On the contrary, our tripartite patriotic resistance forces have constantly strangled the Vietnamese enemies in the Tonle Sap Lake areas, kept attacking them around the lake area, and launched attacks against the Vietnamese enemies in various big towns around the lake, such as Battambang, Siem Reap, Kompong Thom, Kompong Chhnang, and Pursat. At the same time, our national forces attacked them from the east and south of Phnom Penh, at Pochentong Airport on many occasions, and in Kompong Speu and Takeo Towns.

As I told you earlier, our Armed Forces have been able to launch these vigorous activities because the people support them and the fraternal patriotic Cambodian soldiers have cooperated with our forces and even launched activities against the Vietnamese enemies themselves. In such a situation, the Vietnamese enemies have sent more troops to Cambodia in an attempt to redress their situation in Cambodia, but to no avail. No matter how hard they have tried, the Vietnamese enemies have not been able to redress their defeating situation. This is because our people have risen up and waged more vigorous struggle against them and the fraternal Cambodian soldiers have mutinied and fought against them. Moreover, our tripartite patriotic forces have cooperated more closely and splendidly every passing year. Therefore, we are confident that in the coming 9th dry season, Vietnam will certainly face more complicated difficulties on the Cambodian battlefield. This situation will certainly encourage our friends near and far in the world who support our people's struggle, particularly at the United Nations. This year, we believe that more countries will voice their support for our struggle at the United Nations and the UN resolutions demanding the total withdrawal of Vietnamese troops from Cambodia in order to let the Cambodian people decide their own destiny. The overwhelming majority of countries at the United Nations will certainly voice their support for our CGDK's 8-point peace proposal. At the same time, as I mentioned earlier, our delegation's visit to Beijing will make the situation on the battlefield as well as the United Nations become more favorable to us.

Delegation Arrives in Beijing

OW061210 Beijing XINHUA in English 1103 GMT 6 Sep 86

[Text] Beijing, September 6 (XINHUA) -- A delegation from Democratic Kampuchea arrived here tonight for a five-day official and goodwill visit to China at the invitation of the Chinese Government.

Samdech Norodom Sihanouk, president of Democratic Kampuchea, is the chairman of the delegation, and Prime Minister Son Sann of the Coalition Government of Democratic Kampuchea and Vice-President Khieu Samphan of Democratic Kampuchea in charge of foreign affairs are its vice-chairmen. Madame Sihanouk arrived here by the same plane.

They were greeted at the airport by Wang Meng, chairman of the reception committee and minister of culture, leading members of departments concerned, and diplomatic envoys of some countries in China. Son Sann who arrived here September 4 was also present at the airport.

Four young pioneers presented bouquets to Samdech Norodom Sihanouk and Madame Sihanouk, Son Sann and Khieu Samphan.

Tomorrow morning Chinese Premier Zhao Ziyang will preside over a ceremony welcoming the delegation and also hold talks with it.

I. 8 Sep 86

E 5

PRC INTERNATIONAL AFFAIRS
SOUTHEAST ASIA & PACIFIC

Zhao Ziyang Meets Delegation

OW071044 Beijing XINHUA in English 0959 GMT 7 Sep 86

[Text] Beijing, September 7 (XINHUA) -- Premier Zhao Ziyang said here today that Democratic Kampuchea has scored great victories over the past year in its military and political struggles as well as in its diplomatic work. Zhao made this remark at a meeting with a delegation from Democratic Kampuchea headed by its President Samdech Norodom Sihanouk.

During the meeting, President Sihanouk reiterated the determination of the three patriotic forces to wage a continuous struggle for restoring the independence, peace, neutrality and territorial integrity of their fatherland.

On behalf of the Chinese Government, people and leaders, Zhao extended a warm welcome to the delegation, adding that the delegation's visit to China once again shows to the world the unity among the patriotic forces of Democratic Kampuchea and the militant friendship between the people of China and Kampuchea.

He wished them still greater successes in their future struggle.

Sihanouk said the visit will greatly inspire the Kampuchean Army and people in their just struggle against Vietnamese aggression and exert great influence in the world. It will also help expand the support from the international community and the UN General Assembly to the Kampuchean Coalition Government, he added.

He held that China and Kampuchea share the common ideal of working for justice, peace, progress and the development of mankind.

On the situation in Kampuchea, Sihanouk expressed satisfaction with the greater unity and cooperation among the three patriotic forces. "This year's military situation has made us more optimistic about our nation's future," he noted.

To resolve the Kampuchea question, the U.N. resolution and the coalition government's eight-point proposal on political solution to the Kampuchea question must be strictly implemented, Sihanouk stressed. "We won't make any additions or deletions to the proposal, no matter if Vietnam accepts it or not. If Vietnam rejects it, we'll continue to fight until final victory," Sihanouk said.

He thanked the Chinese Government and people for their persistent support to the patriotic forces.

Prime Minister Son Sann of the Coalition Government of Democratic Kampuchea and Vice-President Khieu Samphan of Democratic Kampuchea in charge of foreign affairs, both deputy heads of the delegation, shared Sihanouk's views. They also gave an account of the present military situation in Kampuchea and the work done by the coalition government in the diplomatic field.

Premier Zhao reiterated China's firm support to the just struggle of the three patriotic forces. "We will go to your aid as long as your struggle continues," he added.

Zhao also held that the eight-point proposal for the political solution of Kampuchean question serves as a basis both for resolving the Kampuchean question and for national unity of the Kampuchean nation in the future.

"We now support the just struggle of the three patriotic forces led by Samdech Sihanouk and also hope to see an independent, peaceful, neutral and non-aligned Kampuchea led by him in the future," he noted.

Prior to the talks, Zhao held a grand welcoming ceremony in the East Plaza of the Great Hall of the People for the delegation.

Ngapoi Ngawang Jigme, vice-chairman of the National People's Congress Standing Committee, Wu Xueqian, state councillor and foreign minister, and Wang Meng, head of the reception committee and minister of culture, attended the ceremony.

Zhao Ziyang Fetes Delegation

OWO71758 Beijing XINHUA Domestic Service in Chinese 1319 GMT 7 Sep 86

[Text] Beijing, 7 Sep (XINHUA) -- Premier Zhao Ziyang said here today that "China supports the establishment of a quadripartite government of national concord and unity headed by Samdech Sihanouk following the total withdrawal of Vietnamese troops."

Zhao Ziyang made this statement at a banquet he gave at the Great Hall of the People tonight in honor of the Cambodian delegation led by Samdech Norodom Sihanouk, president of Democratic Kampuchea, with Prime Minister Son Sann of the Coalition Government of Democratic Kampuchea [CGDK] and Vice President Khieu Samphan of Democratic Kampuchea in charge of foreign affairs as deputy heads.

Princess Monique Sihanouk, the wife of Samdech Sihanouk, was present at the banquet.

Zhao Ziyang said in his speech that China sincerely hopes to see an independent, peaceful, neutral, and nonaligned Cambodia, and that China opposes any party in Cambodia holding power alone. China also opposes the exclusion from power of any party in the coalition government.

Zhao Ziyang warmly congratulated the CGDK for the new victories and gratifying successes it has achieved in the military, political, and diplomatic fields over the past year. He also congratulated Samdech Sihanouk on this recent successful visits to four ASEAN countries.

Zhao Ziyang said that the eight-point proposal put forward by the CGDK in March for a political solution of the Cambodian issue is a practical and feasible plan for settling the issue fairly and rationally. This important decision made by the CGDK on the basis of summing up the Cambodian people's experiences in struggle tallies with the situation in Cambodia and totally correct, he said.

Zhao Ziyang said: The heroic Cambodian people's just war to save the nation from Vietnamese aggression has gone on for nearly eight years. The assertion that "the situation in Cambodia is irreversible" is nothing but a self-delusion. What is really irreversible is the Cambodian people's determination to fight against Vietnamese aggression and save their country, and the historical development that the aggressor will certainly be defeated by the Cambodian people. The stubborn objective of the Vietnamese authorities to the eight-point proposal can only show that Vietnam still has no sincerity at all in a political settlement of the Cambodian issue.

I. 8 Sep 86

E 7

PRC INTERNATIONAL AFFAIRS
SOUTHEAST ASIA & PACIFIC

Zhao Ziyang told the Cambodian guests: "Although your struggle will continue to be difficult, you will not be fighting alone, because you have support from the vast number of people and the international community."

In reply, Samdech Sihanouk stressed that as long as Vietnam still occupies Cambodia by military means, the three patriotic forces of Democratic Kampuchea have no other choice but to continue their sacred struggle.

Sihanouk said that the eight-point proposal of Democratic Kampuchea for the political solution of the Cambodian issue has won increasing world support and it is considered to be a fair, rational, and comprehensive proposal with the real intention of solving the problem.

He said: "Such are the concessions we have made. We advise the Socialist Republic of Vietnam not to take our sincere desire for peace as a sign of weakness." "We are determined to further strengthen cooperation and mutual support among the three forces of the CGDK, make every effort to promote national unity at home and abroad, and continue to fight until the Socialist Republic of Vietnam agrees to settle the Cambodian issue politically on the basis of the eight-point peace proposal."

Referring to the Cambodian patriotic forces' struggle against Vietnam, Sihanouk said: "Not only the Cambodian people support the tripartite forces of the CGDK; the Khmer soldiers, self-defense guards, and administrative officials who were forced to serve the Vietnamese aggressors have also become more active in joining the tripartite forces to fight them. Most encouragingly, the patriotic forces of the tripartite CGDK have become more cooperative in supporting each other in the Battambang, Pursat, Oddar Meanchey, Siem Reap, Kompong Thom, and Kompong Cham battlefields. This is a very important factor contributing to the continuous development of our national liberation struggle."

Among those present at the banquet were Ngapoi Ngawang-Jigme, vice chairman of the NPC Standing Committee; Wu Xueqian, state councillor and minister of foreign affairs; Qian Changzhao, vice chairman of the CPPCC National Committee; Zhao Puchu, president of the China Buddhist Association; Wang Meng, minister of culture; and Ai Zhisheng, minister of radio, cinema, and television.

This afternoon, the Cambodian guests visited the Beijing Municipal Corps of the Chinese People's Armed Police Forces.

Li Xiannian Meets Sihanouk

OW081014 Beijing XINHUA in English 0930 GMT 8 Sep 86

[Text] Beijing, September 8 (XINHUA) -- President Li Xiannian today said China will never seek a sphere of influence in Kampuchea and its sphere of influence is in the 30 provinces, municipalities and autonomous regions within its boundary.

Li made this remark at a meeting with a delegation from Democratic Kampuchea led by Samdech Norodom Sihanouk, chairman of Democratic Kampuchea.

On hand were deputy heads of the delegation Prime Minister Son Sann of the Coalition Government of Democratic Kampuchea and Vice-Chairman Kieu Samphanh of Democratic Kampuchea in charge of foreign affairs.

Li told the guests: "We support you to build an independent, peaceful, neutral and non-aligned Kampuchea after your victory we'll never interfere in your affairs."

Sihanouk said the whole world has countless facts to prove that China has never meddled in the internal affairs of other countries. "We are happy to have such a close and longstanding comrade-in-arms as China," he added. He also thanked China for its consistent, selfless and unconditional support to the three patriotic forces of Democratic Kampuchea.

Li warmly congratulated the three patriotic forces on the great victory they scored in the eighth dry-season offensive to combat the Vietnamese aggressors in the political field and diplomatic work.

Sihanouk said "We have achieved victories this year in all fields in the struggle against Vietnamese aggression, and this struggle will develop in an optimistic direction."

President Li Xiannian pointed out that the eight-point proposal for the political solution of the Kampuchea issue set forth by the three patriotic forces provides a practical and feasible basis for resolving the Kampuchean question, and that it has won wide support from the Kampuchean people as well as from the international community.

Sihanouk said all patriots in Kampuchea will always unite and never split, adding that even after national liberation they will unite to rebuild their fatherland. State Councillor and Foreign Minister Wu Xueqian and Minister of Culture Wang Meng attended the meeting.

Li 'In Good Health'

HK080342 Hong Kong AFP in English 0832 GMT 8 Sep 86

[Text] Beijing, Sept 8 (AFP) -- Chinese President Li Xiannian made his first public appearance in five months Monday when he met here with Prince Norodom Sihanouk, leader of the Cambodian Resistance Coalition.

Mr Li, 81, officially said to have been resting after being hospitalized with a cold in May, told the press that he was "in good health, now." The president last appeared in public on May 9, when he told a foreign visitor that "people like us are almost useless," a reference to the advanced age of the first generation of Chinese revolutionary leaders still in office.

Prince Sihanouk began a one-week official visit here Saturday, saying he hoped it would lead to new financial and military aid for his tripartite resistance opposed to the Vietnamese-installed Phnom Penh government.

Asian diplomats here said Beijing was expected to increase its aid to the coalition, with a bigger slice to its two non-communist factions -- the Sihanoukists and Khmer People's National Liberation Front. China usually gives the bulk of its aid to the Khmer Rouge, which fields the biggest armed force of the resistance fighting the pro-Hanoi Heng Samrin regime and an estimated 140,000 Vietnamese troops in Cambodia, they said.

Prince Sihanouk was expected to meet Chinese Communist Party Secretary-General Hu Yaobang Tuesday and China's top leader Deng Xiaoping Wednesday.

WAN LI BEGINS TRIP TO AUSTRALIA, NEW ZEALAND

OWO50154 Beijing XINHUA in English 0147 GMT 5 Sep 86

[Text] Beijing, September 5 (XINHUA) -- Chinese Vice-Premier Wan Li left here this morning for a goodwill visit to Australia and New Zealand at the invitation of Australian Prime Minister Bob Hawke and New Zealand Prime Minister David Lange. He was seen off at the airport by Chinese State Councillor and Foreign Minister Wu Xueqian and Deputy Secretary-General of the State Council Bai Meiqing. Diplomatic envoys of Australia and New Zealand to China were also present. Principal members of Wan Li's entourage include Special Assistant to the Premier Chen Chu, Vice-Foreign Minister Zhu Qizhen, Deputy Director of the Rural Development Research Center Under the State Council Wu Xiang and Assistant Minister of Foreign Economic Relations and Trade Zhu Youlan.

Arrives in Australia

OWO51832 Beijing XINHUA in English 1436 GMT 5 Sep 86

[Text] Canberra, September 5 (XINHUA) -- Chinese Vice-Premier Wan Li arrived here tonight for a week-long official goodwill visit to Australia at the invitation of Prime Minister Robert Hawke. Wan was greeted at the airport by Hawke. Also arriving on the same plane were the premier's special assistant Chen Chu, Deputy Foreign Minister Zhu Qizhen and other members of his entourage.

Chinese Ambassador Nie Gongcheng was present at the airport. Australian Ambassador to China Dr Ross Garnaut was also present. Diplomats of the Chinese Embassy, representatives of students and Overseas Chinese as well as Australians of Chinese descent were on hand to meet the Chinese guests.

Meets With Governor General

OWO61204 Beijing XINHUA in English 1024 GMT 6 Sep 86

[Text] Canberra, September 6 (XINHUA) -- Australian Governor-General Sir Ninian Stephen received Chinese Vice-Premier Wan Li here today at the Government House.

At the invitation of Prime Minister Bob Hawke, Wan Li arrived here yesterday for a one-week official goodwill visit to promote the mutual understanding and cooperation between the two countries, and strengthen the friendship between the two peoples.

The Governor-General who paid his private visit to China not long ago, said that he gained overwhelming impressions of the warmth and industry of the Chinese people although it was a short visit.

Wan Li said that the friendship between China and Australia is of great significance. He said humorously that today's meeting is a "South-North dialogue". "As yesterday, I took the airplane flying from the North interruptedly to the South. [sentence as received] it's rather meaningful," the Chinese vice-premier said.

Among the principal members of Wan's entourage present on the occasion were premier's special assistant Chen Chu and Vice-Foreign Minister Zhu Qizhen.

Plays Tennis With Hawke

OW070840 Beijing XINHUA in English 0751 GMT 7 Sep 86

[Text] Canberra, September 7 (XINHUA) -- Chinese Vice-Premier Wan Li palyed a tennis match with Australian Prime-Minister Robert Hawke at the prime-minister's residence here today. 70-year-old Wan Li and his partner Li Furong, a former famous Chinese table tennis player, played a men's double match with Prime-Minister Robert Hawke and noted Australian tennis player Frank Sedgman in a friendship atmosphere.

In the one-hour contest, the hosts won from the Chinese pair 6-3 and 7-5. This was the third match between Prime-Minister Hawke and Vice-Premier Wan Li. The first two matches were played in China when the prime-minister paid an official goodwill visit to China. The fine performance of both sides drew applause from the audience.

Among the spectators watching the match were all members of the entourage of the Chinese vice-premier and Nie Gongcheng, Chinese Ambassador to Australia, and John Brown, Australian minister for sports, recreation and tourism, and his wife.

Holds Talks with Hawke

OW071427 Beijing XINHUA in English 1406 GMT 7 Sep 86

[Text] Canberra, September 7 (XINHUA) -- Australia and China have decided to form a Sino-Australian joint ministerial economic commission. A joint announcement to the effect was issued this afternoon after the talks between Australian Prime Minister Robert Hawke and visiting Chinese Vice-Premier Wan Li at the prime minister's residence here.

During the talks, they exchanged opinions on the current international affairs and the further development of cooperative relations between China and Australia. The talks proceeded in an atmosphere of cordial friendship.

The joint announcement by Hawke and Wan Li on behalf of the two governments said, the commission "will mainly discuss and coordinate matters concerning the trade and economic cooperation and related scientific, technical and educational exchanges between the two countries in so far as these relate to economic and technical cooperation." It added, the commission "will study and carry forward issues that arise from our economic relationship and explore new ways of developing trade and economic cooperation." The joint commission will meet once a year alternatively in the capital of each country.

On the Chinese side, participating in the talks were also premier's special assistant Chen Chu, Vice Foreign Minister Zhu Qizhen, Deputy Director of the State Council's Rural Development Research Centre Wu Xiang, Assistant Minister of Foreign Economic Relations and Trade Zhu Youlan, and Ambassador to Australia Ne Gongcheng.

On Australian side were also Resources and Energy Minister Gareth Evans, Trade Minister John Dawkins, Primary Industry Minister John Kerin, and Ambassador to China Ross Garnaut. A private conversation was held between Hawke and Wan Li before their talks. Tonight, the Australian Prime Minister gave a dinner at his residence in honour of the Chinese vice-premier for his visit to Australia.

NPC STANDING COMMITTEE SESSION ENDS 5 SEP

OW070809 Beijing XINHUA Domestic Service in Chinese 1100 GMT 5 Sep 86

[Text] The 17th session of the 6th NPC Standing Committee closed at the Great Hall of the People this afternoon. Before closing, Standing Committee members voted on the several draft laws that had been examined at the session. Peng Zhen, chairman of the Standing Committee, attended and addressed the meeting.

The meeting adopted the "Regulations of the People's Republic of China Governing Offenses Against Public Order," which consists of 45 articles and 5 chapters and will come into effect on 1 January 1987. According to the regulations, which were adopted today, the "Regulations of the People's Republic of China Governing Offenses Against Public Order" promulgated on 22 October 1957 will be abolished at the same time. The meeting also adopted the "Regulations of the People's Republic of China on Diplomatic Privileges and Immunities." The 29 articles of these regulations will become effective upon promulgation.

Since the Standing Committee members still have major disagreements over the draft "Tentative Bankruptcy Law Governing State-owned Enterprises," the NPC Standing Committee chairman and vice chairmen proposed that, for caution's sake, no decision be made in this regard, and that the law be further studied and revised by the NPC Law Committee with other relevant departments after the session. The meeting also adopted the "Decision of the National People's Congress Standing Committee on the Timetable for Electing Deputies to County and Township People's Congresses." It also adopted a decision on ratifying the "Consular Treaty Between the People's Republic of China and the Hungarian People's Republic" and the "Consular Treaty Between the People's Republic of China and the German Democratic Republic." The meeting also approved some appointments and dismissals.

The meeting was chaired by Vice Chairman Chen Pixian. Other vice chairmen attending the meeting were Geng Biao, Xu Deheng, Peng Chong, Zhu Xuefan, Ngapoi Ngawang Jigme, Seypidin Aze, Zhou Gucheng, Yan Jici, Rong Yiren, Liao Hansheng, and Huang Hua. Attending the meeting as observers were Wang Bingqian, state councillor; Zheng Tianxian, president of the Supreme People's Court; and Yang Yichen, procurator general of the Supreme People's Procuratorate.

PENG ZHEN ADDRESSES NPC CLOSING SESSION

OW061407 Beijing XINHUA Domestic Service in Chinese 1106 GMT 5 Sep 86

[Text] Beijing, 5 Sep (XINHUA) -- Speaking at the closing meeting of the 17th Session of the 6th NPC Standing Committee, Chairman Peng Zhen pointed out: All legislation should be in accordance with the Constitution; laws must not contradict each other.

Chairman Peng Zhen said: This meeting has been successfully held; the discussions were serious and enthusiastic. Everyone spoke his mind and objectively, comprehensively, and realistically expressed his own opinions on the draft laws and other grave issues of the nation. That everyone has spoken out is a gesture of their being responsible to the country, that they stand for the common interests of all the nationalities of the nation, and that they will better fulfill the socialist cause. Before we can urge administrative and judicial organs to conscientiously enforce laws, the NPC Standing Committee should be serious when making them.

Chairman Peng Zhen said: All legislation should be in accordance with the Constitution; laws must not contradict each other. In order to achieve this, we must be familiar with the Constitution and the laws. Comrades of the NPC Standing Committee and the provincial, autonomous regional, and municipal people's congress standing committees should therefore study and understand the Constitution and laws well.

SECURITY MINISTER ON PUBLIC ORDER REGULATIONS

OW071201 Beijing Domestic Service in Mandarin 1100 GMT 5 Sep 86

[Radio talk by Ruan Chongwu, minister of Public Security, on the adoption of the Regulations Governing Offenses Against Public Order of the People's Republic of China -- date not given, recorded]

[Text] The Regulations Governing Offenses Against Public Order of the People's Republic of China are drawn up after being amended and supplemented on the basis of the regulations promulgated in 1957. The regulations serve as an important law of our country to strengthen the administrative control of public security, as well as a code of conduct to be observed by all citizens. Their promulgation and enforcement will play a very important role in maintaining social order and public security, protecting citizens' legitimate rights and interests, preventing and reducing crimes, promoting socialist spiritual construction, and creating a good social environment for reform and the four modernizations.

Twenty-nine years have passed since 1957. The political, economic, and social situation in our country has changed a great deal. Since the 3rd Plenary Session of the 11th CPC Central Committee, in particular, many new situations and problems concerning public security have arisen along with developments in opening to the outside world and enlivening the domestic economy. As a result, the original regulations could no longer keep pace with the needs of maintaining public security and had to be amended and supplemented. In this sense, amending the law is a concrete step that must be taken to improve the socialist legal system. This is the first point I wish to make.

Secondly, the responsibility of public security organs is to protect the interests of our country, various collective units, and our people. Serving the people has always been our objective. We have been doing so in the past, and we will continue to do so in an even better way in the future. The newly amended regulations will help public security organs enforce the law in protecting the legitimate rights and interests of the people.

Imposing penalties on offenses not punishable by criminal law -- such as offenses that disturb social order, affect public security, infringe on citizens' personal rights, and embezzle public or private property -- is likewise for the purpose of safeguarding people's rights and interests. Not long ago some vendors in Beijing cheated customers by selling them soda water at high prices, and just a little complaint prompted a dressing down. The masses have strongly demanded that public security organs punish such lawlessness. After we handled the ringleaders according to law, the people were satisfied.

The public security organs purpose in punishing public offenders is to educate them so that they will correct their mistakes and not harm the people again. Therefore, the newly promulgated regulations are completely in compliance with the aspirations of the people.

Thirdly, public security is a social issue which cannot be handled by public security organs alone. We sincerely hope that we can have the support and assistance of all social quarters, especially the active assistance and cooperation of the people. Since the 1950's the Chinese people have maintained the good tradition of assisting public security organs in maintaining public order. Now we should carry forward this tradition and make it a strong social force. Meanwhile, we welcome the people to supervise our work. The new regulations stipulate in detail how public security organs will punish offenders. In the future, should a public security organ impose a wrong penalty, it must correct the mistake and compensate for any losses. As far as we are concerned, this is a restraint that will make us operate according to law and bear in mind our responsibility of protecting our people, safeguarding public security, and serving the four modernizations.

CPCCC SECRETARIAT CALLS FOR STUDY OF DENG SPEECH

OW060139 Beijing XINHUA Domestic Service in Chinese 1323 GMT 4 Sep 86

[Text] Beijing, 4 Sep (XINHUA) -- After reviewing and discussing Deng Xiaoping's article, "Reform of the Party and State Leadership" recently, the CPC Central Committee Secretariat considered it a planning document for China's political restructuring. Therefore, it has called on cadres above the section level of central state organs and cadres of organs under the direct administration of the CPC Central Committee to integrate ideology with reality and to earnestly review and discuss this important article.

The speech, entitled "Reform of the Party and State Leadership" delivered by Comrade Deng Xiaoping in August 1980, at the enlarged meeting of the Political Bureau of the CPC Central Committee, was discussed and approved by the CPCCC Political Bureau. Today the party committees of the central state organs and of organs under the direct administration of the CPC Central Committee issued a circular on studying Deng Xiaoping's important article, "Reform of the Party and State Leadership" to all central state organs and those under the CPC Central Committee respectively. The circular calls on cadres above the section level to improve such matters as work style and, stresses socialist modernization and reform of the economic system and political structure, to integrate ideology with practice, and to conscientiously study and review the article in order to profoundly comprehend its essential spirit and to further advance the reform.

PLA APPOINTS NEW PRESIDENT OF LOGISTICS ACADEMY

HK080554 Hong Kong WEN WEI PO in Chinese 8 Sep 86 p 1

[Report: "PLA Logistics Academy Appoints Li Lun as President"]

[Text] According to a JIEFANGJUN BAO report on 7 September, Deng Xiaoping, chairman of the Central Military Commission, appointed Li Lun as president of the newly founded PLA Logistics Academy on 6 September.

Hong Xuezhi, deputy secretary general of the Central Military Commission, instructed Li Lun to run the academy as a teaching center and a scientific research center for the logistics command duties of the Chinese Army. The academy should train qualified personnel and conduct scientific research; at the same time, it should also act as a consultant institution for the Army's modern logistics construction.

MORE COLLEGES TO PROVIDE MILITARY TRAINING

OW051908 Beijing XINHUA in English 1455 GMT 5 Sep 86

[Text] Beijing, September 5 (XINHUA) -- China will increase the number of colleges and universities where students receive military training, according to a joint circular issued by the State Education Commission and leading Army departments. The circular says that the universities involved will be extended to 69 from last year's 52 and longer training periods will be required starting from this autumn's semester. The decision has been made in line with recent directives by party, state and Army leaders, according to the circular.

The total length of college military training is between 10 to 13 weeks during the first or second academic year of study. More than half of the training period will be devoted to the study of modern military sciences and the practice of actual military techniques and tactics. The rest will be devoted to political education in Mao Zedong's military thought and the history and discipline of the People's Liberation Army. The students will receive the training either in army units like regular soldiers or on their campus with instructors sent by army units.

Military training of college students began in 52 universities and colleges last year under the Military Service Law, which says students must receive basic military training during their school education. Such training proved to be successful, the circular says. It has enhanced the students' ideological and political awareness, heightened their sense of discipline, built up physical strength and widened their general knowledge, it says.

SHANGHAI FORUM STRESSES TRAINING OF CLERGY

HK060444 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1225 GMT 5 Sep 86

[Report: "China Plans To Strengthen Training of Clergy" ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 5 Sep (ZHONGGUO TONGXUN SHE) -- In order to cultivate qualified clergy, responsible people of China's seven Catholic seminaries held a forum in Shanghai yesterday urging the strengthening of guidance over clergy and various teaching work. Bishop Tu Shihua, president of China's theology college, presided over the forum, at which responsible people of seven Catholic seminaries in Beijing, Shenyang, Wuhan, Xian, Shandong, and Shanghai discussed issues such as clergy training, the work of teaching, compilation of teaching materials, and the training of teachers. Since 1982, China has opened seven Catholic seminaries and three small seminaries. It now has more than 580 brothers and cleric students.

MINISTER ASSURES SAFETY OF DAYA BAY PLANT

OW051442 Beijing XINHUA in English 1411 GMT 5 Sep 86

[Text] Beijing, September 5 (XINHUA) -- China's top nuclear official said today the "government has not changed, and will not change, its decision to build a nuclear plant at Daya Bay." The government will "fully guarantee" the safety of the controversial project near China's Hong Kong border, Jiang Xinxiong, the country's minister for nuclear power, told a news conference.

He said decisions about the project were based on "cautious scientific surveys" and not the opinions of any individual. And he said the government had been "extremely cautious" in selecting the plant's site.

According to Jiang, "the underlying principle" governing all work on the plant has been "taking into account the safety and health of its workers and of those living nearby and in Hong Kong." He said the "misgivings of the public -- mostly about the safety of the plant -- are understandable." His response to statements and letters from Hong Kong opponents of the project has been to make sure that all government departments involved in the project "concentrate on safety first," he said. The location of the plant was chosen in September 1983 after "four years of careful study" of geological, hydrological and other environmental conditions, according to Jiang.

The surveys showed that the 50 square kilometers surrounding the site have "stable geological conditions," he said, adding that for more than 1,000 years there have been no earthquakes exceeding magnitude 7 on the Richter scale. Magnitude 7 earthquakes are major ones, capable of heavy, widespread damage. And he said the plant has been designed to withstand earthquakes of magnitude 8 -- which have at least ten times more ground motion than magnitude 7 quakes. Chinese scientists measure the Tangshan earthquake of 1976 at 7.8 on the Richter Scale. The plant itself will use pressurized water reactors, "acknowledged worldwide as the safest and most advanced," said Jiang.

After the Chernobyl disaster in the Soviet Union, the Chinese Government reinforced safety precautions in its plans for Daya Bay and for the plant being built at Qinshan in Zhejiang Province, he said. Jiang said although China has never operated a nuclear power plant, the country has accumulated experience in building "about a dozen" reactors on nuclear-powered submarines and at research and production facilities. To ensure safety, he said, China will continue to support international cooperation and inspection of nuclear power stations.

EXPERTS ON SELECTING NUCLEAR POWER PLANT SITE

HK060922 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1227 GMT 5 Sep 86

[Report by Lin Jun: "Mainland China's Nuclear Experts Discuss Reasons for Building Nuclear Power Plant at Daya Bay" -- ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 5 Sep (ZHONGGUO TONGXUN SHE) -- On the current issue of site selection of the Daya Bay Nuclear Power Plant, I interviewed the relevant experts. I understand that the work of site selection of Guangdong's nuclear power plant was jointly undertaken by the Guangdong Provincial Power Company and the China Light and Power Company of Hong Kong. In 1979, the two companies jointly formed a team for selecting a construction site. The team conducted two large-scale and multi-level inspections and surveys (in 1979 and 1982) at a dozen spots in the Wuhua-Shenzhen areas, Daya Bay, Honghai Bay, Jieshi Bay, and so on. In 1983, Malingjiao (Dakeng) in Daya Bay was eventually chosen as the construction site of the power plant.

An expert said: During the two inspections and surveys, the chief criterion for selecting the site was nuclear safety, while consideration was also given to economic results and social benefits.

In the course of selecting the site, the focal point of assessment was on environmental factors that affect the nuclear power plant's safety operation, as well as the influence of the nuclear power plant's operation on the environment. As early as the site selection work was begun, it was proposed that "the public should be safeguarded from being affected by a radioactive incident." Therefore, the mainland sent over a dozen experts to help investigate and discuss the issue of selecting the construction site.

When the work of selecting the construction site was started, the mainland still did not have any formal regulations on the safety operation of nuclear power plants. At that time, it took the feral regulations, as well as the relevant safety codes on nuclear power plants, of the United States as the standards of selecting the site. At present, China has promulgated four regulations on safety operation, as well as a series of safety codes, including those promulgated and soon to be promulgated. These regulations and codes are based on the nuclear safety standards set by the International Atomic Energy Agency. Therefore, to ensure that it meets the new safety demands and the choice of construction site is correct, we further examined the construction site.

In the work of selecting Daya Bay as the site of the nuclear power plant, the experts proposed relevant design standards in the light of effects brought by external factors and natural incidents such as earthquakes, geology, flooding, high temperatures, high sea level, storm surges, typhoons, tornados, tsunami, and so on. Seismologists held: Malingjiao area is located on a land mass lying between two faults. Its distance to the nearest active fault is 20 kilometers. Also, within a radius of 50 kilometers of the area, there is no possibility that a deep rift that cuts the earth's crust exists. From ancient times to the present, there has not been any earthquake at or above grade six. There is no dynamic fault within a radius of 8 kilometers. The historical record shows no microseisms occurred in the area. The batholith is intact and the thickness of earth's crust is more than 27 kilometers. The sea bank slope is stable. All these conditions are better than other sites and favorable for selecting the site as the construction site.

The work of selecting Daya Bay as the site of the nuclear power plant also took external human factors into consideration, such as plane crashes, the releasing and explosion of chemical materials, materials discharged from turbines, and so on. Malingjia is virgin land yet to be developed. There are no large-scale industrial facilities or oil pipes nearby. Neither is there any military facilities, nor is it near an air route. Therefore, judging from the external and human factors, it is quite safe to build the nuclear power plant at Daya Bay.

In the course of selecting the construction site, an observatory next to the site was used to record recent years' data. In addition, the experts built a 102-meter-high tower for meteorological survey in 1984. The standards of survey were set in connection with the corresponding regulations of the United States. According to the preliminary estimates, the radioactive dosage on humans, no matter whether through air dispersion, water dispersion, or underground water dispersion, as well as the plant's environmental influences, will be well below the international standards.

Population distribution and emergency plans for dealing with nuclear power plant incidents are another chief factor for selecting the construction site. According to the international standards, the surroundings of nuclear power plants are divided into three regions: The non-inhabited region within a radius of 1.2 kilometers from the plant; the sparsely inhabited region within a radius of 5 kilometers from the plant; and the population center, which should be 20 kilometers from the plant.

The population center of Hong Kong is 50 kilometers from the plant. With reference to the reactor core melting incidents of pressurized water reactor nuclear power plants, the people of Hong Kong will, in the most serious case, receive a maximum amount of radioactive exposure of three microvolts [wei hao wo te 1792 3032 3087 3676]. Approximately, this amount is less than that of an exposure to x-ray. Therefore, the radioactive prevention experts said: Daya Bay Nuclear Power Plant's possible risk of having nuclear incidents should be within the range which is acceptable to inhabitants living nearby. Only when the amount of effective dosage reaches 50 microvolts for a person, should we take the necessary emergency measures of providing shelters for the people or evacuating them. But this kind of situation will not happen.

MINISTRY ADOPTS CENTRALIZED PENSION SCHEME

HK030855 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 3 Sep 86 p 1

[By staff reporter Dai Beihua]

[Text] The first serious reform of China's pension system is underway to tackle the problem of an ever-growing number of retired people in the country.

The Ministry of Water Resources and Electric Power announced it will adopt a centralized pension system that will apply to workers in both its project construction bureau and production factories.

Under the plan, a central pension fund will be built up by money contributed from every unit under the ministry. The contributions will be based on a percentage of profits, regardless of the number of pensioners in the unit.

Zhu Dengquan, an official of the ministry, told BUSINESS WEEKLY that production factories make higher profits but have fewer pensioners than the project construction bureau. In effect, units attached to production factories will contribute a disproportionate share to the pension fund.

"However, contributions by the units will be only 30 percent of the fund," Zhu said. "The other 70 percent comes from the State."

According to ministry figures, 10 percent -- or about 120,000 staff members of the ministry -- were pensioners. About 8 percent, or some 140 million yuan of total payroll, was paid out in pension in 1985.

It is estimated that the number of retired workers in the ministry will increase at an average rate of 16,000 a year during the Seventh Five-year Plan (1986-90).

In the past, their pensions were paid by their individual work units from profits.

Like most other engineering units in the country, the ministry's Project Construction Bureau, especially those engaged in building hydropower projects, have faced severe competition in recent years. [paragraph continues]

Open bidding has allowed foreign and non-ministry construction companies to win contracts on hydro projects.

"This has left some of the ministry's own construction units with no work to do, forcing them to rely on the State's paying 70 percent of salaries," Zhu said. "Most of the construction bureau were established much earlier than production factories, so they have more retirees than the factories."

The No 12 Construction Bureau of the ministry, set up in 1948, employs 12,000, about 4,000 of their retirees receiving pensions paid by the bureau. Pensions account for 20 percent of the bureau's payroll at a time when construction work is slack.

"In this case, a central pension scheme is necessary," Zhu said. "The past method of letting each unit pay its own pensions will get us nowhere."

According to Gu Guoqian, an official with the ministry, the new centralized pension scheme is the first of its kind in the country .

"This is a first step," Gu said. "The second is a central pension scheme for all State-owned companies. The third might be a nationwide plan for all work units."

Nationwide, retirees in State-owned units numbered 12.92 million in 1983, 11.2 percent of the total workforce. By 1985, the figure had risen to 16.37 million, 13.2 percent of the total, according to figures in the State Planning Commission.

By 1990, China expects to have 19.8 million retirees, 14 percent of the total workforce. Pensions will eat up 11.1 percent of total payroll.

And by the year 2000 there will be 31 million pensioners, 17 percent of the workforce. Their retirement allowances will cost 32 billion yuan a year, 12 percent of payroll.

The estimates have shaken the State into action to begin unifying pension expenses with wages as a whole.

Year	Retires (in millions)	Percent of Workforce	Pension as Percent of Payroll
1983	12.92	11.2	9.3
1984	14.78	12.4	9.4
1985	16.37	13.2	10.5
1990	19.8	14	11.1
2000	31	17	12

Source: The State Statistical Bureau and the State Planning Commission.

GUANGMING RIBAO VIEWS INTRODUCING FOREIGN CULTURE

HK051033 Beijing GUANGMING RIBAO in Chinese 20 Aug 86 p 3

[Article by Li Qiang: "Some Thoughts on Absorbing Foreign Culture"]

[Excerpts] The culture of a country, nation, or group of people develops in two channels. One is of its own creation, such as inventions and discoveries; and the other is by absorbing foreign culture. These two are closely related to each other. History indicates that inventions or discoveries generally take place under the influence or encouragement of foreign culture. Thus it can be seen that foreign culture plays an important role in promoting other countries' culture.

Naturally, it is necessary to make a distinction between different types of foreign culture. So far as the cultures of different nations are concerned, this writer is of the opinion that they can be divided into comparable and noncomparable cultures.

Comparable cultures include good and bad cultures as well as high-quality and low-quality cultures. These two types of cultures can be referred to as superior and inferior cultures. U.S. culture is an example. Its advanced science and technology, well-developed education, superior services, good concept of value, practicality, appreciation of creativity, enterprising spirit, and unwillingness to stick to old conventions are all excellent cultural achievements which constitute the superior aspects of its culture. But drug addiction, gambling, prostitution, homosexuality, a high crime rate, and decadent ideas are the dregs of its culture, constituting the inferior aspects of its culture. As there is a marked distinction between superior and inferior culture, people take different attitudes toward them. They absorb and develop the superior aspects of culture and discard the inferior aspects of culture. We should adhere to this in reforms and in opening up to the world.

Noncomparable culture can be referred to as neutral culture which cannot be divided into superior and inferior parts or into higher and lower quality. This type of culture is closely related to human actions and habits. [passage omitted]

As neutral culture is closely related to people's daily lives, it is an indispensable part of the culture of any nation. It plays an important role in society. Generally speaking, neutral culture is an important symbol indicating the differences among nations. It can help maintain the unity and stability of society and increase the cohesive force of society. Large-scale changes in neutral culture, that is, great changes in the way people behave, will generally cause unrest in society. Therefore, we should do our best to prevent such changes. As neutral culture can play an important role, adopting a correct attitude toward it is an important issue in reforms and in opening up to the outside world. This writer is of the opinion that as neutral culture cannot be divided into superior and inferior parts, what is to be reformed and introduced from abroad is absolutely not neutral culture. Instead, we should maintain the stability of Chinese traditional neutral culture in the course of introducing fine culture from abroad. This is good for the unity and stability of society as well as for reforms and opening up to the outside world. On the other hand, as neutral culture is closely related to human habits and actions and cannot be divided into higher and lower quality, we should not interfere in its changes and development, but allow it to develop naturally instead. In other words, we should not give wide publicity to the introduction of neutral culture from abroad, nor should we lay obstacles to its development.

Dividing culture into comparable and noncomparable cultures will help overcome cultural centralism and cultural relativism in treating foreign culture. Believers in cultural centralism hold that their culture, habits, and actions are the best and most excellent and that foreign culture, habits, and actions which are not familiar to them are all bad. This viewpoint denies the existence of neutral culture and negates all types of foreign culture. Moreover, it denies that the culture of a nation has superior and inferior parts. This blind opposition to everything foreign is absolutely wrong. Cultural relativism is another extreme. It maintains that no division into higher and lower quality or into superior and inferior parts should be made among different cultures. It holds that all cultures are good and reasonable because they exist according to the specific conditions of the nation concerned. This viewpoint regards all cultures as neutral and denies the existence of comparable culture. It agrees with all types of foreign culture and has cast aside the most rudimentary distinction between right and wrong. Therefore, this viewpoint is wrong.

[Passage omitted] When we accept foreign culture, it is no longer a pure foreign culture. Nor can we say that it is our traditional culture. It is a new culture. A fine new culture is a culture with the best vitality. The absorption of foreign culture in the course of reform and opening up to the world is aimed at creating new culture -- a new socialist culture with Chinese characteristics.

GUANGMING RIBAO EXAMINES IDEAS REVOLUTION

HK030456 Beijing GUANGMING RIBAO in Chinese 24 Aug 86 p 3

[Article by Xue Muduo and Wang Chengde: "Change the Ideas That Do Not Correspond With the Requirements of Reform"]

[Excerpts] The process of reform in China has posed a sharp question of a change in ideas for us. We are now in a crucially important period when the new system is replacing the old one. With the coexistence of the two systems and their mutual reaction with each other, temporary "disconnections," loopholes, and contradictions between various interests are expected to occur. In this complex situation, the question of a change in ideas is of particular importance. Without eliminating the influence of old ideas, we are liable to use old methods in everything we do, to refuse to accept the new system, and to take the road back. Overall reform of the economic structure has just started, many arduous tasks should be completed, more important steps should be taken, and reform of the political and cultural fields should be carried out in coordination with the overall reform of the economic structure. This requires us to make full preparations in the ideological and psychological fields. Therefore, speeding up the change in ideas has become an important and urgent task in our overall reforms.

The basic task in economic structural reform is to carry out the transition from the natural and product economies to the socialist commodity economy. In compliance with this transition, it is necessary to form the socialist commodity economy mentality, and to change the small production mentality which has cropped up under the natural economy, the "product economy" mentality which has emerged under the old economic structure, and all "leftist" ideas which have come into being under the slogan of "taking class struggle as the key link." [passage omitted]

To develop the productive forces, it is necessary to adopt various ownership forms in the course of implementing the public ownership system [paragraph continues]

This is a Marxist principle drawn up by the party on the basis of summing up its experience over the past decades, and it is also an important task in economic structural reform. However, the idea of "being large in size and having a higher degree of public ownership" is still hampering ownership system reform. There are two erroneous views. One is maintaining that the "public" nature and purity of collective ownership are inadequate as measured by the idea of "being large in size and having a higher degree of public ownership," instead of judging whether the existence and development of various ownership forms are beneficial to the growth of the social productive forces. This erroneous view regards the individual economy, which is a supplementary factor to the socialist economy, as deviating from the socialist road; and maintaining that the rural output-related contract responsibility system, which has helped develop the rural productive forces and open broad avenues for the specialization, coordination, socialization, and modernization of the rural economy, is retrogression. The other is casting doubts on the correctness of introducing foreign capital and technology and of developing state capitalism. Influenced by this view, some people do not understand that this is a major policy which has strategic bearings on the development of socialist economic strength and socialist modernization. They find it difficult to accept the idea of introducing foreign capital, and some even have resentment against the idea. These views are obstacles to the smooth implementation of the policy of opening up to the world. [passage omitted]

To form a socialist economic structure which is full of vitality, economic structural reform during the Seventh 5-Year Plan is aimed at increasing enterprises' vitality, perfecting the market system, and forming a new macroeconomic indirect control mechanism. To achieve this end, it is necessary to solve a number of problems concerning ideas. [passage omitted]

It is important and urgent, as well as arduous, to bring about a change in ideas. Old ideas which do not correspond with the requirements of reform have deep social and historical roots. The natural economy mentality has a history of several thousand years. The product economy mentality and various "leftist" ideas have influenced people for several decades. These old ideas have penetrated various fields in society, settled deep in people's minds, and formed an obstinate way of thinking. Some comrades cannot adapt themselves to new ideas and new things in reforms, and others even have resentment against them. This does not necessarily mean that they lack knowledge. In most cases, this is the result of the traditional way of thinking and indicates the obstinacy of traditional ideas. In addition, economic structural reform cannot but involve the readjustment of interest distribution and a change in power arrangements. This readjustment, which is beneficial to the interests of the entire people, may affect some individuals, who will make temporary sacrifices. If we do not take a correct attitude toward such sacrifices, we will find it even more difficult to change our old ideas. The force of habit of millions of people is terrible. We should not in the least overlook the arduousness of changing old ideas. Changing old ideas is by no means less difficult than reforming the economic structure. Therefore, only by making great and persistent efforts, can we make a success of this revolution in ideas.

RENMIN RIBAO EXAMINES ROLE OF TRADITIONAL CULTURE

HK280845 Beijing RENMIN RIBAO in Chinese 25 Aug 86 p 5

[Article by Wang He: "Proceed From Reality in Studying the Role of Traditional Culture"]

[Text] People have aired diversified views on the basic characteristics, central spirit, and main connotations of China's traditional culture, as well as how to deal with its role and value today with the rise of "the culture craze." [paragraph continues]

Opinions differ in its evaluation, and there is a difference in understanding. Regarding the conditions of the study as a whole, we can see that the study has grown more profound with each passing day, despite the fact that in the discussions on many major issues, debates "using the same language," starting from the same angle, and on the same tier are still needed.

However, if we look more closely, we will find it is not difficult to see that an obvious important shortcoming exists in today's study and discussions on traditional culture, namely that all explorations and discussions related to cultural spirit, characteristics, psychological structure, ways of thinking, concepts of ethics and national character, are out of sync with the specific expression of the remnants of traditional culture in our actual society. Although studies of a series of specific topics have been developed, themes in these studies with close connections to realities are rare. For example, take the so-called "oriental group ideology," which many scholars have repeatedly discussed as a typical characteristic of China's culture. In what respect is it expressed in today's society? What is its specific essence? How should we evaluate these expressions? As another example, some scholars suggest: The essential spirit of China's culture lies in its attaching great attention to human relations. Put more simply it means "each paying attention to the other party". The essential spirit of China's culture puts human relations above all else and not in material things as in the West. Then, is such spirit an ideal or does it actually exist? Does it still exist in modern China? How much of it is left? What changes has it undergone? What are the causes of these changes? For still another example, taking the concept of "filial piety" as one of the important characteristics in China's culture in the eyes of some scholars, how much of it is maintained in our society today? Moreover, what essences of so-called "filial piety" should be maintained? What should be opposed today? What is its developmental trend? What are the imprints of traditional culture stamped on the national character mentality, and ways of thinking for modern Chinese? What is their relationship to modernization? What should be inherited? What must be relegated? In my opinion, these are so far unfilled blanks in the studies of such realistic topics. Some scholars have aired their views on the above-mentioned realistic issues in their articles. However, most of them are fragmented abstract explorations and general discussions. Systematic, all-round concrete analyses and specific studies are rare. Some articles have touched upon the manifestation of some traditional concepts in today's society, such as the abuse of power, the hierarchical concept, egalitarianism, and attaching importance to agriculture rather than commerce, but they have failed to make all-round analyses of them. Some scholars have pointed out: Confucianism as the chief form of expression of China's traditional culture has become the ideology and standard of behavior for the Chinese people over the past more than two thousand years, and evolved as a kind of gene, becoming a part of the national mentality. Some scholars even say, we have only to go among the people, and look at how they conduct themselves in dealing with people and handling affairs, their ways and habits, and their attitudes towards their families, the aged, their children, friends and relatives, their properties, their customs, and their New Year pictures or antithetical couplets, and we will feel the existence of the traditional culture. However, what are the specific essences of the evolved gene? In the people's daily behavior in dealing with others and handling affairs, what really are our "national quintessences" inherited from tradition? What is the essence of Confucianism? What is its dross? No specific explanations have been made.

This has made the current discussion on the specific quality and value of China's culture kind of vague and insubstantial, lacking a solid foundation. Many articles are not convincing despite their abundant philosophical theories and incisive discussions. Pondering them, people would find them questionable. Some articles are written in a jerky way, which is very difficult to grasp. It seems that the authors have purposely turned simple things into mysteries, pursuing subtlety rather than common expression. If this should develop, the study of culture would become a word game of idle talk.
[paragraph continues]

In my opinion, cultural studies must link with realities and concrete social problems. This is because the chief purpose of studying the specific quality and value of traditional culture is to find out what leftovers are in today's social practice? And how to understand and deal with such leftovers? Failure to understand the existence of tradition in realities will make all affirmation, negation, inheritance or relegation of tradition so much random shooting, and become impractical, empty talk.

That cultural studies must be linked with realities is also due to the fact that the idealist flavor in the classics of China's traditional culture was always very strong. Just as it is pointed out by some scholars: One of the important characteristics of China's traditional culture is "typical idealism." Such a conclusion is rather wise. From the ideal society in which men took up farming while women weaved and both the young and the old were well taken care of as revealed to us by the people in ancient history; to the ideal kings, who were "saintly in their morals, practicing benevolent government" and ideal officials "whose honesty was clear as water" as portrayed by our forefathers of the middle ages; to the paragon of personality, the supreme mental state in which "reason is pursued while all personal desire is repressed" provided us by our ancient philosophers, have all demonstrated such a spirit of idealism. And the full development of such idealistic spirit had its roots precisely in the poverty of such ideal things in reality. It was precisely because of the rarity of wise emperors that accounts for the emergence of idealized kings who were "saintly in their morals, practicing benevolent government"; it was precisely because of the rarity of honest officials that accounts for the emergence of idealized officials who "shunned corruption" and upheld righteousness and justice; and it was precisely the deep-rooted selfish small peasant mentality that accounts for the emergence of an idealized personality model, a mental state that "represses all personal desires" through purification of the self. This explains that ideals and realities were two diametric opposites in China's traditional culture.

It is precisely because of the acute contradictions between ideals and realities in China's traditional culture, as well as the strong flavor of ethical preaching and idealism in China's ancient books, that if we study and attempt to seek truth in China's culture from those ancient books alone, and refrain from studying and looking for the truthful remnants of traditional culture in actual society, then the effects of idealism will be inevitable, leading to erroneous judgments and conclusions. For example: Those advocating that the basic spirit of China's traditional culture is "each attaching importance to the other party" are committing the mistake of making ideals equal to the realities. From another angle: In studying traditional culture, we should by no means be divorced from the realities. True, it is important to study ancient cultural books, but the more important thing is the need to study living people stamped with the truthful imprint of traditional culture.

At a large academic conference not long ago, the author listened to speeches made by several philosophers and their impromptu defense, and I greatly admired these philosophers for their speculative talent, their wide knowledge, eloquence and quick-wittedness. However, when I read articles on the special quality of culture by some philosophers of late, I find the discussions in those articles rather empty, and their language too difficult and subtle to grasp. Some articles refrain from concrete matters, while going in for philosophical analysis, which gives us an impression that they lack grounds, relying solely on personal understanding and showing no consideration for the readers. This may lead to an infinitely continuous debate in the abstract. [paragraph continues]

One says China's culture in the main is static, and the other says it is active; one says the specific quality of China's culture is "personality idealism," and the other says its is "pragmatic reason"; one says the spirit of China's culture is "humanitarianism," and the other says it is "humanism"; and such debate will be repeated on and on without end. The author is worried lest this should become a hindrance to the further development of cultural studies.

OFFICIAL DISCUSSES DIRECTOR RESPONSIBILITY

HK060532 Hong Kong MING PAO in Chinese 5 Sep 86 p 7

["Special Dispatch" from Beijing: "Yuan Baohua on the Plant Director Responsibility System"]

[Text] Yuan Baohua, vice minister of the State Economic Commission, stressed the need to improve the plant director responsibility system in order to suit the needs of the economic structural reform.

At a national forum on building civilized enterprises held in Qingdao some time ago, Yuan Baohua particularly discussed the director responsibility system. The main contents of his speech were as follows:

1. In instituting the director responsibility system, it is necessary to make clear the status and responsibilities of the director of an enterprise, to give prominence to his role in the enterprise, and to ensure his decision-making power on major issues of production and operations.

As a representative of the enterprise legal person, a director should first hold himself responsible to the state and also to the enterprise and the workers and staff members regarding economic benefit and other issues. In line with the principle of combining responsibility with authority, it is necessary to give a director corresponding authority and to ensure his decision-making power to direct production and operations and his power to appoint and dismiss administrative cadres. Only in this way will it be possible to genuinely establish a unified, powerful, and highly efficient system of production, operations, and management. This is the key to achieving successes in the try-out of the director responsibility system over the past 2 years.

2. It is necessary to adopt a correct approach toward, and to ensure, the director's power to use people. The lists of candidates for deputy administrative cadres at the plant level and for intermediate-level administrative cadres should be worked out by the director who, in line with the limits of authority on the management of cadres, reports to a higher body for examination and approval the list of candidates for deputy administrative cadres at the plant level and who decides the appointments or dismissals of intermediate-level administrative cadres. This is the main content of, and the organizational guarantee for, the implementation of the director responsibility system. It is not in contradiction with the principle of the party administrating cadres. In using people, a director should uphold the party policy toward cadres and the principles of stressing both ability and political integrity and of appointing people on merit. In working out the lists of candidates, a director should solicit the view of the enterprise party committee and, at the same time, heed opinions from various quarters in order to avoid using people inappropriately.

3. There is a division of responsibility and work between a director and the secretary of a party committee. This is a relationship of cooperation and joint efforts and not one between the leader and the led. The party committee should vigorously support the director in exercising his authority. The competence of the secretary of the party committee is also very important and therefore, it is absolutely necessary to provide the party committee with a competent secretary.

4. It is necessary to further straighten out the relationship between enterprise administration, party organization, and trade union around production and operation so that each can attend to and fulfill its own duties.

PRC HOLDS SIZABLE INVESTMENTS IN HONG KONG

HK050255 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0617 GMT 2 Sep 86

["Roundup" by reporter Sheng Meilan: "The Investment Made by the Four Chinese Financial Groups in Warehouses and Wharves in Hong Kong Exceeds 2 Billion Hong Kong Dollars"]

[Text] Hong Kong, 2 Sep (ZHONGGUO XINWEN SHE) -- In order to coordinate the development of trade between China and Hong Kong, four Chinese financial groups in Hong Kong have been building warehouses and wharves in succession in recent years. So far, their investment in warehouses and wharves has exceeded 2 billion Hong Kong dollars.

Partaking in developing warehouses and wharves in Hong Kong are mostly China-owned enterprise groups, like the China Resources (Holdings) Company, China Merchant Steam Navigation (Holdings) Company, China Travel Service Group, and Guangdong Enterprises (Holdings) Company, with their subordinate enterprises undertaking the storage and transshipment of goods which are shipped to Hong Kong from the interior or to some other places via Hong Kong. There have already been over a dozen solely-owned or jointly-owned warehouses and two wharves which are now being put into use. Besides, several new warehouses and wharves are also being built in Sai Wan and Chai Wan on Hong Kong Island, in Hung Hom and Kwun Tong in Kowloon and Shatin and Tsing Yi Island in the New Territories, and so on.

Being adjacent to wharves or railroads and enjoying both the land and water transportation facilities, these warehouses are suitable for storing and transshipping the goods from the interior. Of these, the biggest is the "Guangdong Warehouse Center" owned by the Guangdong Enterprises (Holdings) Company. It is divided into two cold and dry parts, has 12 floors and a total space of 84,000 square meters and represents an investment of nearly 800 million Hong Kong dollars.

The advantage of the China-owned financial groups getting involved in warehouses is that the sources of goods are mainly those import or export goods of their own. For example, the China Resources (Holdings) Company, the largest trade institution of China in Hong Kong, owns nearly 10 dry and cold warehouses. Ng Fund Hong Company Ltd., Teck Soon Hong Company Ltd., and the Chinese Arts and Crafts Company Ltd. all have their own warehouses. The three Pak Sik godowns which are owned by the China Resources (Holdings) Company and open to the public have a total floor space of over 117,000 square meters. These warehouses were fully used in the first half of this year, with the storage rate being 84 percent and the turnover rate being 22 percent. To meet the increase in the sea and land freight, last year China Resources (Holdings) Company started building another 8-storey dry warehouse with a total floor space of over 56,000 square meters.

China Travel Service is the main operator of the railroad transportation between China and Hong Kong. Being all in Hung Hom and near both the Kowloon railroad station and the Hung Hom wharf, all of its three warehouses are convenient for sea and land freight or the transshipment and storage of goods from the interior to other places. Last year, the import and export goods handled by the China Travel Service through railroads totalled 2.6 million carriage/tons. The No 3 warehouse of China Travel Service was put into operation in early July of this year and has further strengthened the warehouse business of the China Travel Service Group.

By making use of its own advantages, the China Merchant Steam Navigation (Holdings) Company has set up a coordinated operation of barge carries, wharves and warehouses and achieved good results. For example, the turnover rate of the No 1 warehouse of China Merchant Steam Navigation (Holdings) Company in Sai Wan has reached as much as 40 percent and can handle an average of 7,600 tons of goods per month. At present, the present, warehouse in Sai Wan cannot meet the need. The construction work of the No 2 warehouse is being stepped up and will be completed next year.

As for the wharf business, China Resources (Holdings) Company is building a container and sundry goods wharf in Cheung Sha Wan which can accomodate three 6,000-ton or 7,000-ton whips at a time. Including the warehouses and other facilities, the investment has amounted to 300 million Hong Kong dollars. It is half expected that the wharf will be totally put into use in the first of next year. In June of this year, China Merchant Steam Navigation (Holdings) Company raised 170 million Hong Kong dollars to purchase the Eurasia Shipbuilding Factory and expand its wharf business. It will use the advantageous coastal wharf line in the area as well as the deepwater in front of the wharf to build a multi-purpose wharf so as to load and unload the transfer goods and relieve the current pressure on the wharf of China Merchant Steam Navigation (Holdings) Company in Kennedy Town.

The responsible persons of these Chinese financial groups all say that as the transfer goods in Hong Kong constantly increase, the development of the wharf and warehouse business has been promoted.

RURAL ENTERPRISE EXPORT FAIR ENDS IN BEIJING

OW071025 Beijing XINHUA Domestic Service in Chinese 1457 GMT 5 Sep 86

[By reporter Zhang Jianjun]

[Text] Beijing, 5 Sep (XINHUA) -- A 10-day export commodity trade fair of China's rural enterprise ended this afternoon at the National Agricultural Exhibition Hall. During the fair, more than 200 deals were negotiated, and the volume of business under contracts and preliminary agreements signed with parties at home and abroad reached more than 200 million yuan. All this once again proves that rural enterprises have become a mainstay of China's rural economy and a very promising force in China's efforts to earn foreign exchange through exports.

Visiting the exhibition hall to see the export goods on display were leading cadres and officials concerned, including Xi Zhongxun, Wu Xueqian, Yao Yilin, Chen Muhua, Chen Pixian, Bo Yibo, Song Renqiong, Wang Ping, Duan Junyi, Huang Zhen, Wang Heshou, Bao Erhan, Fei Xiaotong, Ma Wenrui, Lei Jieqiong, and responsible officials from provinces, cities, and autonomous regions who happened to be in Beijing at the time. On their visits to the fair, the leading cadres spoke highly of the rural enterprises and voiced their suggestions and hopes concerning quality, packing, and variety of commodities as well as concerning economic results.

The trade fair aroused great interest among foreign guests in Beijing. Embassy personnel from 54 countries, foreign business representatives, and officials of international organizations in Beijing visited the exhibition. Some foreign companies held substantial business talks with representatives from different localities through China's foreign trade corporations and signed with them a number of contracts and preliminary agreements.

RENMIN RIBAO ON ESTABLISHMENT OF MONEY MARKET

HK290845 Beijing RENMIN RIBAO in Chinese 22 Aug 86 p 5

[Article by Liu Hongru "Systematically Open Up and Build the Capital Market" -- capitalized passages published in italics]

[Text] In his report on the Seventh 5-year Plan, Premier Zhao pointed out: While steadily expanding the markets for consumer goods and for means of production, we should adopt systematic measures to open up capital markets. It is a bold attempt to set up capital markets in a socialist country, and requires explorations in both theory and practice.

The Development of Socialist Commodity Economy Requires Capital Markets

The theoretical basis for setting up capital markets is: In order to develop a planned commodity economy, it is necessary to establish and perfect the socialist market system. While the markets for consumer goods, means of production, and technology and the rational mobility of manpower have gradually taken shape and developed, it is necessary to relevantly open up and establish capital markets.

THE DEVELOPMENT OF LATERAL ECONOMIC TIES REQUIRES CAPITAL MARKETS. In recent years, various forms of lateral economic ties have emerged on the basis of extending the decision-making power of enterprises. The development of lateral economy first encountered obstruction from the vertical distribution of credit funds and management by regions and departments that erected barriers between each other. The current system of vertical distribution of funds of various specialized banks was established in light of the principle of "money following the materials" under the system of vertical distribution of materials in the past. Under this system, the horizontal flow of funds encountered obstruction from the specialized banks as well as the regions. When there is a shortage of funds, the specialized banks and various regions adopt measures to restrict the "outflow of funds," thus making it difficult for the horizontal flow of commodities, technology, and manpower. The horizontal flow of funds can be realized only with the aid of capital markets. Capital markets have the following characteristics: Transactions are carried out directly between those who supply and those who need funds and there is a variety of flexible means, channels, and methods for raising funds which can serve the needs of various parties in the steady development of lateral economic ties. Meanwhile, we can combine the funds raised directly by enterprises and individuals with the funds raised indirectly by the financial units which serve as an intermediary so that different types of fund-raising networks and financial centers are established at various levels.

THE EXTENSIVENESS AND EFFECTIVENESS OF THE MUSTERING OF FUNDS REQUIRE CAPITAL MARKETS. According to China's current circumstances, funds are raised through one main channel -- namely, bank credit, which includes savings and loans. With the increase in enterprises' financial resources and individuals' income, the money holders may have different ways of making financial investment. Therefore, we must use various forms to raise funds. [paragraph continues]

Specifically, we should uphold the principle of relying mainly on the financial activities carried out indirectly by the financial units while making the financial activities carried out directly by enterprises and individuals subsidiary. We should also establish bank, commercial, state, consumer, and other forms of investment with the focus on bank credit because there is little risk and it very convenient to make investment by means of bank savings. However, some investors are willing to make investment with better returns at either great or reasonable risks. In this case, bank savings cannot satisfy their demands. Therefore, we should have more fund-raising forms, such as treasury bonds, enterprise bonds and stocks, bank bonds and huge sum transferable certificates, and insurance policies. Under the unitary form of bank credit, there the following consequences are possible when the desired results of the investors are not reached: First the increasing consumption or blindly expanding the projects of enterprises that yield poor social results; and second, increasing bank savings which can be turned into consumption at any time and which cannot be switched to investment that yields better social results. With the establishment of capital markets, we can provide the money holders with information concerning economic results, technological level, and management experience of certain departments or enterprises and give them guidance in making investment in light of the differences in the profit rates of financial assets. Meanwhile, we can also provide those who need money with the means to raise funds through various forms of financial assets. In the capital market, the fluctuating interest rates and strict conditions for those who supply and those who need funds will impel the funds user to exercise operation and management carefully and strive for better results. Therefore a developed capital market can avoid the defect of sluggish circulation of funds under the unitary form of bank credit. It can also switch the funds to the departments, regions, enterprises, and products that yield better social results.

THE CENTRAL BANK'S ELASTICITY IN EXERCISING MACROCONTROL AND ENHANCING REGULATION REQUIRES A CAPITAL MARKET. In order to maintain a balance of social general supply and demand and to stabilize prices, the central bank should sometimes tighten the money market and decrease the supply of currency and the capacity of commercial banks in granting loans, and sometimes ease the money market and increase the supply of currency and the capacity of commercial banks in granting loans. In order to do this work well, we should make an option from the following: First, under the unitary form of bank credit, there is only one channel for the central bank to regulate the supply of currency; that is, to increase the loans granted to commercial banks while easing the money market and decrease the loans granted to commercial banks while tightening the money market. Correspondingly, the feedback mechanism of the commercial banks in regard to the tightening or easing measures adopted by the central bank is simplified and passive, and the only way to regulate the use of funds is to readjust the granting of loans. Prior to the granting of loans, the commercial banks have the initiative in readjusting the loans, but after the granting of loans, whether the scope of loans granted should be limited depends fully on the economic activities of the clients. Consequently, when deposits are withdrawn and loans cannot be recalled as a result of the tightening policy adopted by the central bank, the commercial banks will be in a predicament when they have no other ways to raise funds. These consequences may either lead to a failure in implementing the central bank's policy on tightening the supply of currency or to a violent shock in economic life due to the rigid readjustments. Second, under the condition of a developed capital market, there is a 2-way channel for the central bank to regulate the supply of currency; that is, while the money market is eased, apart from increasing the loans granted to the commercial banks, securities can be purchased from the market so as to put currency into circulation; and while the money market is tightened, apart from decreasing the loans granted to the commercial banks, the securities can be sold in the market so as to withdraw currency from circulation. Correspondingly, the feedback mechanism of the commercial banks in regard to the tightening or easing measures adopted by the central bank is also elastic.

[paragraph continues]

So long as the commercial banks have a certain amount of securities, they can flexibly regulate the money supply by selling their securities in the market when they have difficulties in payments or when the loans granted by the central bank have decreased. As a result, we can avoid a crisis in credit caused by the difficulties in bank payments and also impel the commercial banks to limit the scope of their funds, thus meeting the requirements of the central banks policy on tightening the supply of currency. China's conditions are fundamentally different from those of Western countries. However, the experience of other countries in properly using the capital market to increase the elasticity of the central bank's macroeconomic control can be drawn for reference. In 1985, we achieved remarkable successes in exercising macrocontrol in the financial field, in which commercial credit, the mustering of funds in society, and financial bonds issued by the banks played a positive role in preventing an economic shock and mitigating the contradiction between the supply and demand of funds. This experience teaches us that socialist countries should also make use of the capital markets to carry out macroeconomic regulation.

Systematically Set Up Capital Markets

How should we proceed from practice and set up capital markets with Chinese characteristics? This is a complicated question. While probing the question, many comrades have put undue stress on long-term capital markets. In my opinion, we should first set up and develop short-term capital markets and then gradually develop long-term capital markets. This is because: 1) Under a unitary credit form, China's credit system is still underdeveloped. At present, credit among the people and between enterprises is expressed mainly in a primitive form, such as by verbal agreement or by buying or selling things on credit. On this basis, it is necessary to develop various forms and means of credit and to perfect the credit system so as to enable the people to learn how to apply and manage the various means of credit and create conditions for setting up long-term capital markets. 2) In order to maintain a relatively fast development speed in our country, which has a poor economic foundation, the demand of funds exceeding supply will be an apparent contradiction for a long time to come. The banks undertook the circulation of funds in the past. Now they can no longer do that. The funds should be circulated through the capital market and enterprises should increase the rate of their utilization. 3) When investment in capital construction is under control, we cannot put a large amount of currency on the long-term capital markets. Meanwhile, we need a period of time to study the issue and transfer of stocks and bonds, which involve a series of major policies and laws. Therefore, capital markets can only be explored, experimented with, and set up systematically.

What kind of capital markets can be set up at present? First, we should set up a lending market between the banks and other financial units that can meet the needs of lateral economic ties. The forms, terms, and interest rates can be negotiated at first. With the development of the market, the methods concerning management can be worked out later. Second, we should set up a market to discount bills of exchange. This will enable enterprises to switch their current practice of making purchases and sales on credit to the practice of settling accounts by bills of exchange with fixed time of payment, thus establishing the practice of providing credit on bills of exchange and developing the practice of discounting bills of exchange by banks and rediscounting them by the central banks. It can also promote the horizontal flow of funds and gradually base bank credit on bills of exchange, which is advantageous to the strengthening of management. In addition, the Central Bank can regulate and exercise control over the supply of currency by means of discounting bills of exchange. Third, we should issue various forms of short-term bonds and gradually set up an exchange market. Through the buying and selling of short-term bonds by the financial units, we should popularize the use of bank drafts, cashiers' cheques, and huge sum transferable time certificates. In this way, we can help some enterprises solve their difficulties in working funds and gradually bring credit among the people onto the track of the planned market.

The long-term capital markets should be developed systematically. First, we must continue to issue financial bonds. Apart from the specialized banks, the trust and investment companies and the financial units that handle long-term investment and loans businesses can, within the limits permitted by the Central Bank, resolve the problem of sources of funds partially by issuing financial bonds. Second, enterprises must be allowed to issue company bonds and use the funds raised to make investment in the projects covered by the plan. Third, collective enterprises and lateral economic associations should be allowed to issue stocks on a trial basis. The participant enterprises of the associations are stockholders. Fourth, improve the work of issuing treasury bonds.

Exercise Management Over the Capital Market in a Planned Way

Management over the capital market has the following two purposes: First, support its normal development and give full play to its role of raising funds and making the best use of funds; and second, exercise macroeconomic control and regulation and ensure that the funds raised (also a component part of the supply of currency and the scope of credit) in the capital market will be under control. To this end, it is necessary to resolve the following problems:

1. RUNNING FINANCIAL UNITS IN A DIVERSIFIED MANNER AND IN A WAY ENTERPRISES ARE OPERATED. Only when different types of financial units are developed, when each financial unit has exercised decentralized management, and when the units at all levels have relatively independent power of operation and management can we promote the horizontal flow of funds, stimulate mutual lending, and develop various forms of credit in the capital market. The running of financial units in a diversified manner and in a way enterprises are operated can enable bank credit to play a leading role in the capital market. In addition, the Central Bank can strengthen management and exercise control over the capital market through the financial units.

2. EXERCISE CONTROL OVER THE SCOPE OF CREDIT IN SOCIETY AS A WHOLE. Under the given condition of a fixed amount of currency in circulation in society, the funds raised from the capital market through various forms of credit are actually the redistribution of social funds among the state, enterprises, and individual. In order to exercise control over credit in society as a whole, it is necessary to maintain an appropriate amount of treasury bonds and exercise control over the scope of bank credit and credit between enterprises, particularly over long-term financial investment.

3. EXERCISE CONTROL OVER FINANCIAL INVESTMENT COSTS IN SOCIETY AS A WHOLE. Whether in state credit, bank credit, and commercial credit or in the issue of stocks and bonds by enterprises, the contention between them in raising the interest rates may eventually lead to a rise in financial investment costs in society as a whole, that is, a rise in interest for the investment of every yuan. For this reason, while opening up the capital market, the Central Bank should make a study of the optimum options of the financial investment costs and avoid the interests from being too high which may lead to a rise in investment costs of the national economy as a whole and to poor economic results. Meanwhile, the Central Bank should make use of the loan renewal rate, rediscount rates, and financial bond rate to guide and exercise control over the interest rates in the capital market. Naturally, some necessary administrative measures can also be taken.

4. STRENGTHEN LEGISLATION AND EXERCISE MANAGEMENT ACCORDING TO LAW. Following the promulgation of the "Provisional Regulations of the PRC on Banking Management," it is necessary to further adopt and promulgate regulations on management of bills of exchange, bonds, and stocks. Meanwhile, we must also formulate laws and regulations, including the company law and bankruptcy law.

CURTAILED INVESTMENT IN FIXED ASSETS URGED

HK050257 Beijing RENMIN RIBAO in Chinese 29 Aug 86 p 5

[Article by Liu Fengchang: "While Curtailing Investment, the Structure of Investment Should Also Be Readjusted"]

[Excerpts] Following the founding of the PRC, China's investment in fixed assets went out of control on three occasions. The first one was in 1958, the second one in 1978, and the third one was the extremely rapid growth during the late Sixth 5-Year Plan. The former two led to a serious proportional imbalance which forced us to undergo two major readjustments. The third one did not lead to a serious proportional imbalance. The national economy developed in a coordinated manner and the scale of investment was brought under control very soon.

Why could the excessive investment in fixed assets on three occasions produce two different results? In order to get the answer to this question, we should make a concrete analysis of the excessive investment in fixed assets.

Investment in fixed assets which went out of control on the former two occasions took place under the old economic development pattern. After liberation, China indiscriminately imitated the economic development pattern of the Soviet Union. In the industrial setup, we gave priority to the development of heavy industry; and in investment in capital construction, we regarded heavy industry as superior to light industry for a long time. [passage omitted]

Investment in fixed assets which went out of control during the late Sixth 5-Year Plan took place in the course of economic reform. It was an outcome of the substitution of a new system for the old one. The rapid growth during this period was manifested in the following: First, the proportion of heavy industrial investment in the national plan increased sharply. Compared with 1981, investment in capital construction of heavy industry in 1985 increased by 140 percent, while investment in light industry during the same period registered no increase at all. The sharp increase in heavy industrial investment was due to the fact that the state ensured the development of energy, communications, and raw materials industry as well as to the habitual practice under the old system which regarded heavy industry as superior to light industry. Second, investment in light industry not covered by the plan increased sharply. According to the statistics prepared by the departments of light industry, apart from investment by the state, the funds raised by various localities through different channels and then invested in light industry during the Sixth 5-Year Plan totaled around 20 billion yuan, more than 200 percent over investment by the state during the same period and outstripping the total sum of investment made by the state over the past 30 years. The sharp increase in heavy and light industrial investment led to excessive investment in fixed assets which was more or less the same as the situation in 1958 and 1978. However, the current excessive investment in fixed assets did not lead to a serious proportional imbalance. This was because the sharp increase in light industrial investment not covered by the plan and the sharp increase in heavy industrial investment took place under different circumstances and produced different results. On the whole, they offset the lopsided development of heavy industry.

It should be noted that the recent increase in light industrial investment has played a positive role in the development of the national economy. On the one hand, it has accelerated the development of light industry and put an end to the proportional imbalance between heavy and light industry. [paragraph continues]

Although the state did not increase investment in light industry during the Sixth 5-Year Plan, extra-budgetary investment made by various localities increased by a big margin. The actual investment in light industry during this period was the largest since the founding of the PRC. The investment was mainly used for technical transformation of enterprises, which put an end to the backwardness of light industry and accelerated its development. In recent years, the development of light industry has outstripped that of heavy industry. Compared with 1980, the total output value of light industry in 1985 increased by 76.5 percent while that of heavy industry increased by 58.5 percent. The ratio between light and heavy industry changed from 47 to 53 in 1980 to 49.6 to 50.4 in 1985. Light industry developed in a coordinated manner and its market presented a scene of prosperity seldom seen since the founding of the PRC. [passage omitted] The excessive investment on three occasions and two results indicate the following: Both the imbalance in investment structure and excessive investment are of equal importance. The excessive investment in 1958 and 1978 and the imbalance in investment structure took place at the same time. Thus, it led to a serious proportional imbalance in the national economy and compelled us to undergo readjustment. Although the scale of investment on the third occasion also went out of control, it did not lead to a serious proportional imbalance of the national economy because the investment structure was well coordinated on the whole. For this reason, while curtailing investment in fixed assets, we must ensure that the investment structure is rational. [passage omitted]

The question of excessive investment in fixed assets has not yet been completely resolved. The scale of investment in fixed assets is still too large and there are too many extra-budgetary projects, which must be curtailed. Nevertheless, we must learn from past lessons and never impose uniformity on everything. The capital construction projects not covered by plan should resolutely be curtailed and suspended even if the construction has started. However, the projects to undergo technical transformation, though not covered in the plan, should be dealt with carefully. This is because the old enterprises have gotten into heavy debts over the years. If they are not transformed as quickly as possible, it will be impossible for them to meet the changing needs of domestic and international markets. Nevertheless, capital construction projects developed blindly under the pretext of technical transformation, that produce unmarketable products and have no ample supply of raw materials, should be resolutely curtailed. The projects must be suspended even if the construction has already started.

STATE COUNCIL URGES ASSISTANCE TO POOREST AREAS

OW071423 Beijing XINHUA in English 1354 GMT 7 Sep 86

[Text] Beijing, September 7 (XINHUA) -- The State Council, China's highest governing body, has urged the state organizations and all walks of life to do what they can to help invigorate the economy in the country's poorest areas. About 200 counties, or one-tenth of the nation's total, are rated as such areas, where annual income of peasant families is below 200 yuan (about 54 U.S. dollars) per person. To enable the people in these areas to have enough to eat and wear in the next five years is an arduous task and the responsibility of the Chinese Communist Party and the whole country, the State Council said in a document approving the summary of the second meeting of the State Council Office for economic development in the poorest areas. The past two years saw a large number of officials, sent by the central and local departments to work in these areas. It was proposed in the summary that this be continued. According to an earlier report, the State Council has approved loans of one billion yuan (270 million U.S. dollars) a year for five years to the country's poorest areas.

FOREIGN EXCHANGE RESERVES FIGURES PUBLISHED

HK051053 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0814 GMT 4 Sep 86

[Text] Beijing, 4 Sep (ZHONGGUO XINWEN SHE) -- Issue No 9 of ZHONGGUO JINRONG [CHINA'S FINANCE], which came off the presses today, has published the latest statistics on China's foreign exchange reserves. At the end of last June, China's foreign exchange reserves amounted to \$10.473 billion. This figure represented an increase of \$125 million over the end of the first quarter of this year, or a drop of \$1.440 billion over the end of last year. It included \$2.224 billion in state foreign exchange reserves and \$8.249 billion in the foreign exchange balance of the Bank of China. Moreover, by the end of the second quarter, the balance of the state's foreign debts was \$6.599 billion, while the state's gold reserve remained at 12.67 million ounces.

FANG YI ATTENDS SCIENTIFIC WORK CONFERENCE

OW311417 Beijing Domestic Service in Mandarin 1100 GMT 29 Aug 86

[Text] A 1986 scientific and technological work conference on comprehensive utilization of Baotou's resources, which was jointly held by the State Scientific Commission, the State Economic Commission, the Ministry of Metallurgical Industry, the China National Nonferrous Metals Industry Corporation, and other units, ended today. State Councillor Fang Yi spoke at the meeting. In recent years, Baotou has achieved marked results in carrying out comprehensive utilization -- the (Xuning) ore dressing industrial experiment -- has proved successful.

LI PENG, SONG JIAN MEET ANTARCTIC TEAM MEMBERS

OW051032 Beijing XINHUA Domestic Service in Chinese 1210 GMT 3 Sep 86

[By reporter Zhang Jimin]

[Excerpts] Beijing, 3 Sep (XINHUA) -- Li Peng, vice premier of the State Council, and Song Jian, state councillor and minister of the State Science and Technology commission, met with members of China's third antarctic expedition team at the Great Hall of the People this afternoon. They urged the team members to live up to the ardent wishes of their countrymen by strengthening unity, obeying orders, and successfully carrying out the survey tasks.

At the start of the meeting, Li Peng and Song Jian received a briefing from Qian Zhihong, general director of the expedition team. [passage omitted]

After inquiring about the preparations made for the expedition, Li Peng said: The expedition involves many arduous tasks. You should prepare for the worst and do your best in the entire course of the expedition and you should do a good safety job. He said: The expedition cannot be successful without idealism, discipline, and devotion to survey work. Song Jian added: We achieved great success in our previous expeditions. You should keep up the good work and make new contributions to the country. [passage omitted]

SONG JIAN ADDRESSES MEETING ON MINERAL RESOURCES

OW051030 Beijing XINHUA Domestic Service in Chinese 0714 GMT 3 Sep 86

[Text] Beijing, 3 Sep (XINHUA) -- At the national meeting on the exploitation and management of mineral resources today, State Councillor Song Jian pointed out: The promulgation of the "Law on Mineral Resources" has raised the work of geological prospecting and mining management to a new height. This is not longer an ordinary issue of management, but a legal issue.

The national meeting on the exploitation and management of mineral resources was held to pave the way for the official implementation of the "Law on Mineral Resources" from 1 October this year. Attending the meeting were NPC Standing Committee Vice Chairman Peng Chong and responsible comrades of the NPC Standing Committee, the Supreme People's Court, the Supreme People's Procuratorate, 34 ministries and commissions under the State Council, the PLA General Logistics Department, and various provinces, autonomous regions, and municipalities directly under the central authorities.

In his speech, Song Jian said: Since the founding of the nation, geological and mining enterprises have attained rapid progress. Large-scale geological surveys and prospecting have helped expand the range of geological studies and proved that China is a nation with a large variety of minerals and a considerably large amount of mineral reserves. However, we must also realize that the existing foundation for the development of natural resources, energy, and raw materials still fails to meet the needs of economic development. During the "Seventh 5-Year Plan", the amount of rolled steel, nonferrous metals, raw materials for chemical industry, building materials, and other raw materials will become an important factor that will determine China's economic development, like energy and transport. To alleviate the situation of supply falling short of demand in mineral products, we must vigorously step up efforts in prospecting, exploiting, and finding new mineral and energy resources and select the best places to build base areas for the development of mining industry. This is the fundamental way to build the material foundation for the development of the four modernizations. At the same time, we must realize that, on the one hand, demand currently exceeds supply in energy and raw materials; on the other hand, mineral resources and products are often being destroyed and wasted. Such a situation aggravates the contradiction between supply and demand. Therefore, we must resolutely implement the "Law on Mineral Resources" and effectively combat man-made losses and waste.

Song Jian pointed out: The "Law on Mineral Resources" is a basic law to rejuvenate and protect China's mining industry. It is aimed at developing the mining industry, at stepping up prospecting, exploitation, and protection of mineral resources, and at meeting present and future needs in developing socialist modernization. In surveying, prospecting for, and exploiting mineral resources, we must make unified plans and overall arrangements and adopt standard measures in handling applications for permits for and registrations of various mining activities. All mining units, be they run by the state, a collective, or an individual, must submit their applications forming permits according to law and obtain the right to carry out mining. Under no circumstances should one be permitted to engage in mining without a permit or tap mineral resources beyond the boundaries specified in the permit. By administering unified management, we can avoid unnecessary waste, help develop various mining activities in various economic forms with state-run mining enterprises as the center, raise efficiency in tapping mineral resources, and truly bring into full play the superiority of China's mineral resources.

Song Jian emphatically pointed out; In enforcing the "Law on Mineral Resources", the key lies in strengthening management over mineral resources. Legal measures should be applied in controlling mining production, manpower, mineral resources, environment, and even the circulation of mineral products and transportation. From now on, the principle in exploiting and managing mineral resources is: Whoever exploits resources should protect them. Whoever undermines such resources should pay for it (as a punishment). Whoever pollutes the environment should take measures to protect it. We must protect whatever activities are permitted by law, and resolutely ban all unlawful activities. We must pursue legal liabilities against anyone who violates the law. All units, from the central level down to the local government level and from the general department level down to the specialized department level, must conscientiously safeguard the unity and solemnity of the "Law on Mineral Resources." They must take into account not only their own interests and must refrain from doing whatever they think is correct. To do a good job in exploiting and managing mineral resources, the governments at all levels must establish a division of labor incorporating individual responsibility and carry out their respective duties responsibly.

Song Jian said: The work of geological prospecting and surveying involves science to a great extent. We must rely on science and technology in exploiting mineral resources, from mining to ore dressing and processing. We must make further improvements in exploiting and developing mineral resources. The most basic thing to do is to constantly increase our capabilities in mining and ore dressing, smelting, and processing, and to master advanced mining technology. We must strive to learn applied technology in exploiting and using mineral products, in diversifying the use of such products, and in retrieving and using waste mineral products. We must modernize our equipment, use continuous automation in our operations, and achieve the goal of increasing production efficiency, turning out high-quality products, reducing energy and raw material consumption, and creating less pollution. To achieve this goal, we must fully rely on and bring into full play the role of our scientists and technicians.

Song Jian said: The work of prospecting, exploiting, and managing mineral resources involves many departments in the field of science and technology. It is hoped that more scientists and technicians of relevant scientific research institutions, organizations, and colleges will participate in the practice of prospecting, surveying, exploiting, studying, and managing mineral resources and make still greater contributions to rejuvenating China's mining industry.

GU MU STRESSES OPEN ECONOMIC POLICY :FOR XINJIANG

OW061352 Beijing XINHUA in English 1341 GMT 6 Sep 86

[Text] Urumqi, September 6 (XINHUA) -- The economy of Xinjiang Uygur Autonomous region should be stimulated through further implementation of the open policy, according to State Councillor Gu Mu. In speeches to local officials published today, Gu Mu said that the state would adopt a more flexible policy and Xinjiang should make greater efforts to make foreign investors realize that it is more profitable in Xinjiang than in other parts in China.

"To create conditions for foreign investment, Xinjiang should boost output of cotton, fruit, melons, silk cocoons and licorice root (a medicinal herb) while ensuring grain production, increased work quality, improved administration and developed communications and transport," said Gu. Though possessing a wealth of cultural sites, he said, tourism has yet to be developed. In particular, there should be a unified development plan for traffic, restaurants, hotels and shops and tourists facilities in general.

CARTOONIST COMMENTS ON ARTISTIC VALUE, RED TAPE

HK010622 Hong Kong HONGKONG STANDARD in English 1 Sep 86 p 5

[Text] Red tape is making the Chinese see red. So is nepotism, self-seeking and other social evils. All these must be reflected in cartoons if they are to serve the public interest, says the vice-president and permanent member of the Chinese Artists' Association, Mr Hua Junwu.

"Merely to squeeze smiles from the readers is not enough. For cartoons to make sense, they must present truth and get to the crux of public grievances," Mr Hua added.

Mr Hua Junwu is one of the top cartoonists in contemporary China. His signature is familiar to most newspaper and magazine readers.

Noted for his plain talk, incisive analysis and keen observation, Mr Hua who is in his seventies, is full of vitality. In fact, he looks much younger than his age.

He began as a free-lancer at 19, and never had any formal training in fine arts.

In 1938, he moved to Yenan, the Chinese communist base at that time. Since then he has held various key posts in the field of art.

His cartoons are a blend of his personality and his sharp mind. He furnishes them with novel subjects filled with profound meaning and delivered in a humorous way to the reader.

Mr Hua says: "Strictly speaking, I am an amateur cartoonist. My official work ties me up with meetings and travels abroad. I have to find the time in between to work on my cartoons."

Of his cartoons, he says: "Most of my original ideas are drawn from real life. Very often I get ideas from listening to the discussions of the people around me or by watching their attitudes towards things."

He is an ardent visitor to the various exhibitions of paintings. He likes shopping. Occasionally he receives guests and pays visits to the painters to share problems relating to his art.

He said: "In spite of the fact that I know little beyond cartoons, I am drawn to other forms of arts."

He collects artworks and pipes, although he has given up smoking.

He believes contemporary Chinese cartoons suffer from a lack of artistic value. Some of them are crudely designed and roughly presented. Above all, they carry little sense of humour.

Mr Hua said: "Humour can only be conceived mentally, but cannot be explained in words. Without a gifted sense of that, even a life-time cartoonist cannot make the grade."

He once made a caricature of this scene: The actors cracked jokes on the stage, but the audience uttered not a single titter. The artists [as published] then resorted to scratching their armpits to evoke laughter. That work vividly satirised the poverty of humour amongst cartoonists.

He said that older cartoonists excelled not only in terms of the quality but also in techniques at their command.

However, these cartoonists have retired or passed away. There is a need to train up new ones immediately.

BRIEFS

BOOK ON CULTURAL REVOLUTION -- China's first book of nonfictions reporting events of the "Cultural Revolution" (1966-76) will be published by the Huaxia Publishing House which has Deng Pufang, son of Chinese leader Deng Xiaoping, as its president. The three-volume book collected 52 reportages and features about how the gang of four persecuted Chinese Communist Party leaders, including Liu Shaoqi, Zhou En Lai, and Deng Xiaoping. The book also contains an article about the 1976 Tiananmen Incident (April 5, 1976), a large scaled mass action to honour the memory of the late Premier Zhou Enlai and denounce the gang of four. [Excerpt] [Beijing XINHUA in English 1555 GMT 1 Sep 86 OW]

LI GUIXIAN ON MAKING HEFEI PROVINCIAL CENTER

OWO71245 Hefei ANHUI RIBAO in Chinese 9 Aug 86 p 1

[By ANHUI RIBAO reporters Wang Rongfeng and Wang Yan]

[Excerpts] After hearing the work report made by the Hefei City CPC Committee on the morning of 8 August, Secretary Li Guixian and Deputy Secretary Lu Rongjing of the Anhui Provincial CPC Committee delivered speeches on how to give full scope to Hefei's role as a central city of the province and on other issues.

At 0830 on 8 August, Comrade Li Guixian and Deputy Secretary Lu Rongjing of the provincial party committee arrived at the conference room on the third floor of the Hefei City CPC Committee building, and heard the work report on the work in Hefei made by Yang Yongliang, secretary of the Hefei City CPC Committee. Comrade Li Guixian said: Generally speaking, work in Hefei has been carried out well. The economic situation in the city is fairly good. The city's cadres perform their duties efficiently, and the city is under good management. This is the impression I get after comparing Hefei with other fraternal cities.

On how to give full scope to Hefei's role as a central city, Comrade Li Guixian said: A province or a region should have a central city surrounded by medium-sized and small cities, thus forming a city group. Only by doing so, can we give full scope to the central city's role in promoting economic development. Hefei is the capital of Anhui Province. It should be the political, economic, cultural and communication center as well. [passage omitted]

Li Guixian also pointed out: To become the central economic center of the entire province or of the Jianghuai region and give full play to its role, Hefei should aim for the following conditions:

1. Efforts must be made to increase the city's actual economic strength. Its total output in industry and agriculture and its total revenue are the highest in the province. However, when we compare it with the capitals of fraternal provinces, Hefei still lags behind. Its actual economic strength is still inadequate, and it should redouble efforts to increase this strength. [passage omitted]

2. Full attention must be paid to communications and transportation. Hefei has built a fairly good highway network, but the quality of the road surface is still not too good, and there are not too many railroads passing through the city. It should step up its efforts in construction and become a communication center to bring about commercial development and prosperity. [passage omitted]

3. Efforts must be made to develop industry so as to turn out more products of superior quality. By developing lateral economic ties with other cities and provinces, Hefei City should strive to develop one or more industries to turn out more brand-name or high-quality products. We must pay attention to quality as well as quantity. [passage omitted]

4. It is necessary to serve the whole province, and open the province to the whole country and even to the entire world. We must do a good job in attracting more investments from all quarters. [passage omitted]

Comrade Li Guixian also talked about how Hefei City should play its role in helping build civilized cities. He said: Hefei City is Anhui's "window" as well as "door." However, it has not set a good example in building civilized cities. Right now, the sanitary conditions in the city are not very good. We must be determined to continue improving sanitary conditions in the city. At the same time, we must also strengthen public security work, develop the city's infrastructural facilities, and improve services.

On how to do a good job in serving science, technology, and education and build Hefei into a real "city of science," Comrade Li Guixian mentioned some specific requirements. He pointed out: The Hefei branch of the Academy of Sciences of China and other scientific research institutions and colleges, such as the University of Science and Technology in Hefei, have helped train many competent people for the city. We must help the broad masses of scientists and technicians whip up enthusiasm in work. [passage omitted]

Deputy Secretary Lu Rongjing of the provincial party committee also expressed his views on how to give full scope to Hefei's role as a central city. He emphatically pointed out: Hefei must get organized to strengthen its study of urban development, concentrate efforts on improving management at all levels, and firmly establish the commodity economy, market, and service work concepts. It must correctly deal with the best relationship between the macro- and micro-economy; make the best use of its strong points and correct its weaknesses; give full play to the city's superiority; tap the potential of the city's industry; and play its role well in setting a good example in building civilized cities throughout the province. Efforts must be made to attract more investments in all fields and to build Hefei into a truly central city as soon as possible.

WORKERS' POWER INCREASES IN SHANGHAI FACTORIES

OW060428 Beijing XINHUA in English 0013 GMT 6 Sep 86

["News Feature: Worker Power Increased in Shanghai Factories" -- XINHUA headline]

[Text] Beijing, September 6 (by XINHUA correspondent Xu Guangyao) -- China is now experimenting with ways to increase the decision-making powers of factory directors, including the power to hire and dismiss workers. But at least in some factories in Shanghai, workers can also get rid of directors with whom they are not satisfied.

At Shanghai's Wusong Gas-works, the workers' congress rates the factory director once a year. If a majority like him, he can continue his job. If not, the congress will propose that he resign of his own accord.

Workers rate workshop directors twice a year, who can be dismissed through a proposal to the factory management.

Since 1984, a responsibility system for directors has been instituted in 730 Shanghai factories, one third of the total in this leading industrial and business center of China's. Under such a system, the directors have exclusive power over production, management and employment.

The factory party committees, which used to be all-powerful, now play a supervisory role, seeing to it that party and government policies are carried out to the letter and state production quotas fulfilled.

City officials believe it is now even more important for factory directors to work in a democratic manner, and the worker' congresses can help them achieve this aim.

In fact, they say, such congresses have the power to examine and approve proposals from factory directors on production, management, business operations, and plans for future development.

In the past, the congresses were only concerned with fringe benefits and welfare programs.

According to Xia Ketai, chairman of the worker's congress at the 7,800-member, No. 12 textile factory, 74 percent of the proposals the representatives made at the last session were on production and management.

During the previous session, however, 67 percent of the proposals were concerned with welfare and fringe benefits.

Hearing 400,000 yuan was needed to fulfill the factory's profit quota, representatives of the congress put forward 38 proposals. They were adopted by director Shi Dingxiang and resulted in a profit higher than one million yuan, Xia said.

In 1985, when Shi Dingxiang was reshuffling his management team, he promoted 14 assistants recommended by the congress.

In many factories, the congresses have set up advisory groups for directors. "More democracy will make workers become true masters of their factories," one official said.

Increased representation for white collar workers is another recent development, said Shanghai officials.

In the No. 12 textile mill, engineers, technicians and managerial personnel now account for 44 percent of deputies for the workers' congress, up from 11 percent in the past.

China began experimenting with the workers' congress system a few years ago, the same time the experiment to increase the decision-making power of factory directors in order to boost industrial efficiency was started.

Workers' congress representatives are chosen through election, usually accounting for three to four percent of employees.

TYPHOON 'WAYNE' STRIKES GUANGDONG PROVINCE

OW051745 Beijing XINHUA in English 1730 GMT 5 Sep 86

[Text] Guangzhou, September 5 (XINHUA) -- Typhoon "Wayne" surged onshore between Wenchang and Xuwen Counties in Guangdong Province about noon today, sweeping across the Qiongzhou Straits with hurricane force winds.

The typhoon struck at least a dozen counties and cities, bringing torrential rain. Floods threatened more than 10,000 people as telephone lines fell and communications were suspended. Waves of four or five meters overran the dike in Xuwen County along Guangdong's southern coast. Sugar cane, rubber trees and other tall crops suffered serious damage. But reservoirs in the stricken areas are safe, according to provincial officials.

Local governments have organized rescue operations, but extensive precautions by residents in the typhoon's path seem to have prevented extensive injuries or property losses, aside from the crops.

The typhoon was formed August 16 and wandered the high seas for 19 days, attacking Taiwan Island on three occasions and causing serious losses. Its strange movements have lasted 21 days -- making "Wayne" the most unusual typhoon in 100 years, according to local meteorologists.

GUANGXI LEADER STRESSES CONTROLLING EXPENDITURE

HK060231 Nanning Guangxi Regional Service in Mandarin 1000 GMT 5 Sep 86

[Excerpts] Regional government Chairman Wei Chunshu pointed out at a regional conference on financial and taxation work on 3 September that financial and taxation work must stimulate economic development and support economic structural reform. It is essential to get a good grasp of increasing revenue and economizing expenditure and achieve balanced budgets.

Comrade Wei Chunshu said: Guangxi's economy has registered new development this year. The financial situation is also good. Revenue from January to July was 10.9 percent up on the same period last year. However, there are also a number of conspicuous problems in financial work, as follows: 1) There has been an excessive increasing in expenditure. 2) Enterprise economic results are not good enough. 3) Some places ignore financial possibilities and increase expenditure by budgeting for a deficit. 4) Some places exceed the bounds of the central and regional regulations in arbitrarily devising ways of reducing revenue and increasing expenditure.

Comrade Wei Chunshu demanded that the region take immediate action to resolutely control expenditure while getting a good grasp of organizing revenue. It is particularly necessary to control nonproductive expenditure and strive to achieve a balanced budget over the whole year.

In order to fulfill this year's budget, Wei Chunshu stressed that the following points must be grasped:

1. Unify thinking and have a correct view of the region's present financial situation. We must handle properly the contradictions between requirements and possibilities, act according to our capacity, and get rid of the idea of stretching out hands for assistance from higher authority.

I. 8 Sep 86

P 2

PRC REGIONAL AFFAIRS
CENTRAL-SOUTH REGION

2. Work hard to cut expenditure. All expenditure must be kept within the control targets handed down by the regional authorities and must not exceed them.
3. Get a good grasp of organizing revenue by working hard to increase production and expand circulation. [passage omitted]
4. Uphold the principle of living within one's means and ensure a balanced budget. The financial departments must do what they can with the money they have, and must certainly not operate at a deficit. If revenue cannot be increased, expenditure must be resolutely cut. We must achieve balanced budgets.

HENAN SECRETARY VISITS MEDICAL TRAINING COLLEGE

HK070403 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 6 Sep 86

[Excerpts] On 6 September, Yang Xizong, secretary of the provincial party committee, and Hou Zhiying, member of the provincial party committee Standing Committee and director of the Propaganda Department, attended a forum at the Henan Medical Training University to mark Teachers' Day. [passage omitted]

Yang Xizong said at the meeting: Culture and education constitute an important part of building spiritual civilization. He expressed the hope that the teachers would set a fine example and make contributions to building spiritual civilization.

On the shortage of education funds, Comrade Yang Xizong said that as the economy develops and financial strength grows, the government at all levels should gradually increase investment in education. We should also advocate a variety of channels and tiers and adopt various means to mobilize the forces of society to display the spirit of arduous struggle and make a success of running education. [passage omitted]

HUNAN RADIO URGES DISCARDING 1950's CONCEPTS

HK080257 Changsha Hunan Provincial Service in Mandarin 0900 GMT 7 Sep 86

["Sunday Chat" by (Hu Zheng): "More on Renewing Concepts"]

[Excerpts] [passage omitted] When mention is made of the contents of renewal of concepts, some comrades may wonder whether these are limited to eliminating leftism and to the problems touched on in the course of bringing order out of chaos. Our answer is no. This is because the emphasis in bringing order out of chaos was on restoration. The focus in eliminating leftist concepts a few years ago was on reversing again the concepts that had been reversed by Lin Biao and the gang of four. In a certain sense, therefore, eliminating leftism at that time would be better described as restoring the original features of truth rather than as renewing concepts.

However, the current reforms are creative and pioneering. They represent a profound revolution under the premise of upholding the four basic principles. The social change which faces modernization and the world must not only totally negate the leftist stuff of the Cultural Revolution but also touch all aspects of society and affect people in various ways mentally and psychologically. Many of the changes that have occurred and will occur in China are things that we have never seen before. [passage omitted]

In these circumstances, if our ideological concepts remain stuck in the old patterns, people are prone to worry about whether we are pursuing socialism or capitalism in certain specific issues. As a result, certain comrades, even while supporting reform and sincerely wanting to make a success of China's affairs, become a little like Lord Ye, professing love for what they really fear, when confronted with the tide of reform; even comrades whose minds were greatly emancipated as a result of bringing order out of chaos also face a problem of whether their thinking can keep up with the new situation.

In speaking of renewal of concepts, we must first understand that this is not something that has come to an end with the completion of bringing order out of chaos in the guiding ideas. Instead, it means discarding certain old concepts in past socialist practice on the basis of eliminating leftism, boldly probing new truths, and establishing a whole series of new concepts for building socialism with Chinese characteristics.

Proceeding from this demand and goal, a conspicuous problem in renewing concepts is that our thinking must be emancipated from certain conventions and frameworks of the 1950's and the early 1960's. We cannot substitute pleasant reminiscences of the 1950's for our ideas of today and the future. Our party indeed achieved brilliant successes in the great cause of leading socialist revolution and construction in the 1950's and the early 1960's. Many systems, concepts, policies, and methods of that time yielded initial success because they accorded with reality at that time. It is precisely for this reason that certain comrades wallow in yearning for the 1950's and regard returning to that era as their goal and their satisfaction. This mentality turns into an invisible spiritual rope tying up their thinking and hampering reform. Hence, in renewing concepts, we must jump out of the leftist conventions of the Cultural Revolution period and also further jump out of certain conventions of the 1950's that no longer suit current realities.

Our comrades must realize that, as far as our cause is concerned, the golden age has not passed but is yet to come. The China of today is different from that of the 1950's in economics, culture, population makeup, the situation of different strata, and so on. If people want to take China, which belongs to the world of today, into the framework of the systems, concepts, policies, and methods of the 1950's, that will be equivalent to cutting the foot to fit the shoe. Moreover, certain things of the 1950's were by no means ideal at that time either.

Therefore, as far as the contents of renewal of concepts are concerned, we must discard the concepts formed by closed-style methods of thought and proceed from the country's historical conditions. It is important to realize that we cannot apply the mind of the 1950's to observe the problems of today and the future; we must use the new vision, practice, and concepts of the 1980's to reform our own thinking. [passage omitted]

I. 8 Sep 86

PRC REGIONAL AFFAIRS
SOUTHWEST REGION

Q 1

SICHUAN MEETING ON REFORMING LABOR SYSTEM

HK040139 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 3 Sep 86

[Text] A provincial conference on reforming the labor system concluded on 3 September after 5 days in session. Present were Vice Governor Ma Lin; (Zhan Jifu), deputy director of the Propaganda Department of the provincial party committee; (Zhang Rulan), deputy director of the Political Department of the provincial Planning and Economics Commission; and (Zhang Lianhua), vice chairman of the provincial Federation of Trade Unions.

Vice Governor Ma Lin stressed in his speech on 3 September: We must understand from the plane of theory and practice the practical and far-reaching significance of this reform, maintain political unity with the central authorities, and spontaneously take action to implement the four regulations.

He pointed out that the leading comrades of all cities, prefectures, departments, and units must seriously study the relevant documents of the CPC Central Committee and State Council so as to gain a correct understanding of the necessity and urgency of reforming the labor system, grasp the orientation and goals of reform, and do a thoroughly good job in implenting the relevant State Council and provincial documents with a staunch attitude and positive work.

(Zhang Jin), director of the provincial Labor and Personnel Department, spoke at the beginning and conclusion of the meeting, putting forward specific demands on how to do a good job in reforming the labor system and implementing the spirit of the meeting.

YUNNAN OPENS LEGAL COURSE FOR LEADING CADRES

HK051037 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 4 Sep 86

[Excerpt] A course of lectures on popularizing legal knowledge run by the Yunnan provincial party committee for leading cadres opened in the general office of the provincial party committee today. Attending the course are leading comrades of the Yunnan provincial party committee, provincial Advisory Commission, provincial Discipline Inspection Commission, provincial People's Congress, provincial government, and provincial CPPCC Committee, and the principal responsible comrades of the party groups and party committees of all departments, commissions, offices, and bureaus at the provincial level. The course is being led by Liu Shusheng, deputy secretary of the provincial party committee. (Shen Zhongling), a professor at Beijing University, has been invited to give lectures on law to the cadres of the provincial departments and bureaus. He arrived in Kunming yesterday afternoon.

Before today's lecture, responsible comrades of the provincial party committee, including Pu Chaozhu, He Zhiqiang, Zhu Zhihui, Li Shuji, and Liu Shusheng, and Li Xingwang, a responsible comrade of the provincial Advisory Commission, cordially met (Shen) and expressed gratitude to him for making a special trip to Yunnan to give lectures. [passage omitted]

NEI MONGGOL CONDUCTS RURAL PARTY RECTIFICATION

SK050557 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 4 Sep 86

[Text] Our region has achieved successes in deeply carrying out rural and pastoral party rectification. Since last winter, more than 1,600 town, township, and sumu party committees and more than 14,000 villages and gacha party branches have carried out party rectification in an all-round way. The rural and pastoral party rectification has been carried out in a step-by-step manner and in line with the principle of towns, townships, and sumu ahead of villages and gacha. After more than 10 month's efforts, towns, townships and sumu, and villages and gacha of some leagues and cities have basically finished their party rectification work.

When rural and pastoral party rectification started, the regional party committee repeatedly stressed the party rectification should be carried out to serve the overall situation of unity, construction, and reform.

The region has scored better achievements in rural and pastoral party rectification thanks to the careful organization and guidance of the party committees at all levels. Through party rectification, the large number of party members have further unified their thinking on the party's policies on rural and pastoral reform and economic development, have freed themselves from the old ideas of small-scale peasant economy, have been inspired with enthusiasm for developing socialist commodity economy, and have upgraded their understanding of the party's fundamental purpose and the sense of party spirit. Some party members played an exemplary role in developing production, seeking prosperity through labor, and helping impoverished households eliminate poverty and seek wealth. A number of model party members have emerged.

All localities have persistently corrected mistakes in the course of party rectification. Over 900 leading bodies of town, township and sumu party committees and over 3,000 leading bodies of village and gacha party branches have been readjusted and strengthened through party rectification. This has helped facilitate the second-step reform of the rural and pastoral areas and accelerate the pace of the two civilizations.

According to the arrangements made by the regional party rectification office, the village-level party organizations that have not started their party rectification work should carry out party rectification this autumn and winter, and the banners and counties that are carrying out the village-level party rectification should speed up their preparatory work.

QINGHAI MEETING DISCUSSES HU YAOBANG INSTRUCTIONS

HK040315 Xining Qinghai Provincial Service in Mandarin 2230 GMT 3 Sep 86

[Excerpts] According to QINGHAI RIBAO, the Qinghai Provincial CPC Committee convened a Standing Committee meeting on 3 September for concentrated study of Comrade Hu Yaobang's speech delivered at a gathering of leading cadres of the party, government, and army in the province on 27 August and the important instructions he gave during his inspection of the province. The meeting resolved to lead the cadres and the people of all nationalities in the province to seriously implement the spirit of Comrade Hu Yaobang's speech, persevere in reform, and work hard to build Qinghai. [passage omitted]

The participants said: Comrade Hu Yaobang's earnest and serious work style of practicing what he advocates, working in a sound way, and going deep into the grass roots has set an example for the whole party and all the cadres.

The meeting held: The important speech and instructions delivered by Comrade Hu Yaobang during his inspection of Qinghai fully accords with the reality of the province. They enable us to have a clear picture of the orientation and road and to learn how to tackle the problems. The leading comrades of all areas, departments, and units in the province must spend a period in the near future in concentrated study of the spirit of Comrade Hu Yaobang's speech in connection with reality. They should first study step by step, going deeper each time, and then develop views on implementation.

The meeting stressed: It is necessary to succeed in the following respects in study:

1. Through studying the spirit of Comrade Hu Yaobang's speech, everyone should enhance understanding of the great significance of his inspection of Qinghai, unify thinking, persevere in reform, strengthen confidence, and speed up reforms in the province.
2. After thorough discussion and preparation, specific arrangements should be made by each department for implementing the spirit of the speech, and these should be reported to the provincial party committee.
3. In the course of implementation, it is necessary to practice division of responsibility and provide appropriate guidance.

In light of Comrade Hu Yaobang's instruction that people should be neither arrogant nor slack, the participants seriously reviewed shortcomings in past work in four respects:

1. Our minds have not been emancipated enough and our vision is not broad enough. We have not thought about certain problems in depth, and we have not been creative enough in work.
2. Our work style is not thorough enough. We have failed to think about or do certain things that we should have thought about and done. Although we have thought about some of them, we have not done anything about them.
3. We have not been assiduous enough in studying basic Marxist-Leninist theory and the party's principles and policies. There are shortcomings in linking theory with reality. We have not made enough effort in learning the fresh experiences of other places. Our work is not lively enough and our road is not broad enough.

4. There is need for improvement in work methods. We have not done enough in grasping the main contradictions and solving problems found in the course of investigation and study. The role of the functional departments has not been brought into sufficient play.

The meeting decided that the Standing Committee of the provincial party committee should continue to conduct periodic concentrated study of the spirit of Comrade Hu Yaobang's speech and instructions delivered during his inspection of Qinghai.

In order to continually deepen this study, the meeting drew up a list of 10 special topics: attaching importance to developing animal husbandry; accurately identifying strong points in natural resources; doing a good job in building backbone projects; being more bold in opening up to the world; carrying out political structural reform; building spiritual civilization, including the strengthening of nationality solidarity, the all-round and correct implementation of the party's policy on religion, and the practice of having cadres take the lead in observing law and discipline; developing handicrafts, the collection business, and township enterprises; reforming the public health structure; using capital in a concentrated way; and leadership style. Leaders of the provincial party committee and government will divide responsibility of these among themselves and will organize the departments concerned to undertake serious study, consideration, and research into these topics, and to submit views on implementation to the provincial party committee Standing Committee for discussion.

QINGHAI SECRETARY VISITS NATIONALITIES COLLEGE

HK050933 Xining Qinghai Provincial Service in Mandarin 2230 GMT 4 Sep 86

[Text] Yesterday afternoon provincial party committee Secretary Yin Kesheng and responsible comrades of the Propaganda Department of the provincial party committee and the provincial Education Department went to the Qinghai Nationalities College to visit the staff members and teachers.

Yin Kesheng first visited the campus and students' dormitories. Then he had a discussion with leaders and some staff members and teachers of the college. On behalf of the provincial party committee and government, Ying Kesheng extended holiday greetings to all the staff members and teachers who have worked hard to cultivate minority nationality college students. Yin Kesheng said that under difficult conditions, the Qinghai Nationalities College has cultivated a large number of talented people from minority nationalities by proceeding from reality, making some contributions to the development of nationalities education in the province. Yin Kesheng hoped that the staff members and teachers would continue to preserve and consolidate the achievements they have made and make new contributions to developing nationalities education in the province.

Yin Kesheng said that in the future, the Qinghai Nationalities College should reform the contents of disciplines and train qualified minority personnel with various types of professional knowledge.

At the discussion, some professors and lecturers gave their opinions on elementary education and nationalities education in the province and problems at the college.

Yesterday morning, provincial party committee Deputy Secretary (Lu Shengdao) went to the provincial agriculture and forestry school and the Xining No 4 Middle School to visit staff members and teachers at the two schools.

S. AFRICA TO STRENGTHEN COOPERATION WITH TAIWAN

OW080427 Taipei CNA in English 0303 GMT 8 Sep 86

[Text] Taipei, Sept. 7 (CNA) -- South Africa will continue to counter the international pressure brought against the country for its racial problem but it will also seek mutual understanding through more communications, South African Minister of Foreign Affairs R.F. Botha said in Taipei Sunday.

South Africa cannot surrender to the economic pressures being brought against it, he stressed. If the government gave up to these pressures, it would mean the end of the government, he said. But all the pressure has resulted from the distorted views of and charges by foreigners against the South African Government, he noted while meeting domestic reporters informally at the Grand Hotel Sunday.

Botha said his government expects to strengthen economic, trade and technological cooperation with the Republic of China [ROC]. The two nations should also work closely in the international community to improve the well-being of their peoples, he said.

South Africa is not the only nation bearing such international pressure. The Republic of China and Israel are also facing various pressures from outside. But the situation in South Africa has been much more distorted than those in the other two countries, especially because many European mass media workers have often played up some incidents and violence in South Africa to make readers misunderstand, he said.

Facing increasing international economic sanctions, the South African Government hopes to do more communications with foreign countries to learn their real intention, the minister said. Such sanctions have greatly hurt the neighboring countries of South Africa and also the livelihood of the blacks there, he pointed out. South Africa itself has a sound economic foundation and its foreign trade is running smoothly. Many of its mineral products and raw industrial materials are needed by Western countries. If they lost the RSA [Republic of South Africa] as a source of supply, they would pay much higher prices to buy from other countries, including even the Soviet Union, he said.

The South African Government has adopted a series of political reforms to grant equal rights to non-white people and such gradual steps will help stabilize the situation in his country, Botha said. He said his Asian tour is aimed at interpreting to Asian governments South Africa's concrete actions in resolving the racial problem and various reforms. During his visit in Japan, he said he had full communications with Japanese leaders.

He said that he has learned much about various developments in this country, and he will talk with Chinese leaders about those problems that greatly concern the two nations. Talking about the life of Overseas Chinese in South Africa, he highly praised their contributions to his country's development. They are respectful people, he said, adding the government will continue to take care of them through legal and political measures.

He said the achievements in the Republic of China result from the people's hard work and they should hold these achievements in high esteem. The people of the ROC should absolutely not give themselves up to outside challenges, he urged.

DEFENSE MINISTRY ON PRC INTELLIGENCE OFFICIAL

OW040619 Taipei International Service in English 0200 GMT 4 Sep 86

[Text] Government sources on Wednesday morning neither denied nor confirmed a foreign wire report that a senior Chinese Communist intelligence official might have defected to Taipei. Spokesman for the ROC's [Republic of China] Ministry Maj Gen Chang Hui-yuan said: We had nothing about this matter.

AGENCE FRANCE PRESSE reported from Peking on Tuesday that Yu Zhensan, a senior Chinese Communist intelligence official escaped from Mainland China to a western nation in January this year.

The report said that according to one account of the story, Yu was believed to be in Taiwan. Yu's escape was described as a heavy blow to Peking's overseas espionage network. The report said that Yu was the highest ranking intelligence officer known to have defected to the West since 1949. Yu had been upgraded as director of foreign affairs for Peking's State Security Ministry before he defected.

Editorial Comments on Defection

OW060507 Taipei CNA in English 0244 GMT 6 Sep 86

["Editorial: Spy Defection Case Exposes Crises of Peiping Regime" -- CNA headline]

[Text] Taipei, Sept. 5 (CNA) -- A Taipei newspaper said a ranking Chinese Communist intelligence chief's seeking freedom in a Western nation in January this year has not only undermined the Peiping regime's global intelligence network but also exposed serious crises of the regime.

The CENTRAL DAILY NEWS, in an editorial Friday, said Yu Chen-san, director of the Red Chinese "State Security Ministry's Foreign Affairs Bureau," is probably the highest ranking communist spy who has sought freedom in the West over the past 30 years.

Yu's defection is of great significance to the free world because of the sensitivity of Yu's previous job, the paper said. Because of his special family background and past experiences, Yu was considered a rising star in the Chinese communist regime and was handpicked by Teng Hsiao-ping from "leaders of the third echelon" to strengthen the rule of Teng's faction, it said.

Teng likely never suspected that one of his confidants would betray the communist rule when he appointed many of the younger generation to important posts including a security head over the past year, and such an incident must have had a tremendous impact on Teng's faction, the paper said.

An AFP reporter discovered this incident in Peiping six months after Yu fled the China Mainland, and this indicates that some high level Chinese communist personnel intentionally disclosed Yu's defection to the foreign press in order to deal a blow to another faction.

This incident also exposes the so-called "confidants of the third echelon" as untrustworthy and likely to seek every opportunity available to seek freedom. Yu is only one of many younger Chinese communist officials who have taken overt actions to show their resentment of Peiping, the paper said.

END OF

FICHE

DATE FILMED

9 Sept 86

